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## TRADE UNIONS IN CHINA

By H. Arthur Steiner

Control of the labor force is a sine qua non of the present-day Communist state. With rapid industrialization as its major goal, the Chinese Communist regime has imposed on its working population one of the most rigid sets of controls ever devised by a dictatorial system. Industrial labor has been harnessed to the point where it can be manipulated to serve the political and economic purposes of the state and the party. Intensive indoctrination has been employed to establish in the workers' minds a "correct Communist attitude toward labor." Disciplinary pressures to speed up production and improve its quality are aggressively applied.

The principal instrument for these purposes is the elaborate, party-controlled trade union apparatus. Trade unions in the People's Republic of China (CPR) are officially defined as "mass organizations of all manual and non-manual workers living entirely or mainly on their wages", and the All-China Federation of Trade Unions (ACFTU) is designated as "the supreme leading body of the trade unions." The total membership of the Communist-controlled trade unions has increased from 800,000 in 1945 to 12,450,000 in 1955, more than trebling since the establishment of the CPR in 1949. The continuation of present trends would produce about 14,000,000 trade union members by the end of

1957 out of an estimated total working force of 16,150,000.

ACFTU membership includes, in addition to manual workers in the 23 principal industries, various staff employes—clerks, custodians, stenographers, typists and lower-level management personnel. The "proletariat" in China would therefore be substantially smaller than the 12,450,000 membership in the trade unions. On the other hand, although the ACFTU often speaks for "the Chinese working class," many actual working-class elements are excluded from membership; (1) peasants and (2) small handicraftsmen, because they are not paid in wages; (3) handicraft workers, because "handicrafts are different from modern industry"; and (4) certain professional workers, because they are "non-working-class elements." This somewhat inconsistent pattern shows that the ACFTU is a special form of "mass organization" for those particular elements of the Chinese working class which play a critical role in the industrial policies of "the period of transition to socialism."

As a mass organization, the ACFTU seeks a large membership and sets minimal standards for admission; it is thus distinguished from the Chinese Communist Party (CCP), which safeguards its own distinctive character as the highly disciplined, elitist "organized vanguard of the Chinese working class." The actual number of CCP members in the ranks of the ACFTU is surprisingly small. At the end of 1952, for example, when the CCP had some 6,250,000 members and the ACFTU a membership of about 10,200,000, the ACFTU included only 450,000 CCP members. Not more than 7.2 percent

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of the CCP membership could then claim a direct affiliation with wage-earning workers; and only 4.4 percent of the members of the workers' "mass organization" had been admitted into the "organized vanguard of the Chinese working class"! Since most of the CCP members within the ACFTU are concerned with administration and supervision of trade union affairs—as organizers, committee members and cadres in about 200,000 basic trade unions and the heavy administrative superstructures resting upon them—the statistics do not faithfully reflect the number of CCP members in the ACFTU who earn their living through productive activities. Small wonder, then, that the CCP calls itself the "party of the working class" rather than the "party of the proletariat"!

Existing class structures in Chinese society oblige the CCP "theoreticians" to engage in complex doctrinal gymnastics to keep alive the myth of proletarian leadership of a movement so few of whose members are actually proletarian. Official doctrine therefore conceives the "working class" to be comprised of proletarians, peasants, some petty bourgeoisie and intellectuals, handicraftsmen, and "all sections of working people"; at the same time it denies that the CCP is thereby made a party of "worker-peasant alliance." These petty bourgeoisie and peasantry are considered "transitional classes" which will undergo in time a "process of disintegration" and become proletarianized.

Effecting such "proletarianization" among the working people—that is, urban workers and employes—is a primary function of the trade unions. The Communists look upon the ACFTU as "the bridge between the party and the working class"; as such it must carry out constant education on Marxism-Leninism among the workers, ceaselessly increase the degree of their political consciousness and organization, and bring the initiative and creativeness of workers into full play in the endeavor to raise their productivity.

This formulation embodies three principal themes defining the role of the unions, themes endlessly repeated in policy pronouncements of the mainland regime: (1) The trade union, at the mass organization level, is a specific instrument for the indoctrination and manipulation of workers. (In this respect, it is the labour counterpart of the All-China Federation of Democratic Women, The All-China Federation of Democratic Youth, etc., and like them is called upon to rally support for any announced purpose or policy of the party and government—whether this be to endorse Chou En-lai's declarations concerning Taiwan or to applaud the administrative reorganizations of Tibet or Sinkiang). (2) Under party direction, the trade union must indoctrinate the proletariat in Marxist-Leninist mythology concerning the role of labor in a society moving toward socialization. (3) The trade union must contribute to the fulfilment of economic plans by increasing the productivity of workers.

The Preamble to the revised "Constitution of the Trade Unions of the CPR," adopted on May 10, 1953, provides some of the currently fashionable metaphors and slogans used to describe the function of the unions:

The trade unions of China led by the Communist Party have rallied the broad masses of the workers around the party and have thus become transmission belts between the party and the masses. Since the establishment of the people's democratic dictatorship, the trade unions under the leadership of the party have become a school of administration, a school of management and a school of communism for the workers.

The formal status of the ACFTU in public law is defined by the Trade Union Law of June 28, 1950, and by several administrative regulations dealing with such subjects as collective labor contracts, labor-capital conciliation procedures and the labor insurance system, which assign specific

duties or responsibilities to trade union organizations. In addition, the ACFTU functions under its own constitution and house-law, some features of which are regarded as part of the law of the land.

For the administration of public policy in labor matters, the party and government use two separate structures: (1) the apparatus of the ACFTU, based upon the vertical organizations of 23 industrial unions, which are integrated or coordinated at local, provincial and national levels by various "trade union councils" and the central organs of the ACFTU; and (2) the apparatus of the government's Ministry of Labor, which operates through central organs and a dependent system of provincial and local "labor offices." Both structures are based on the principle of "democratic centralism," which insures that lower-level actions and policies correspond to directives issued by the highest level, and hence excludes the possibility of spontaneous expression of unauthorized attitudes by the rank-and-file. Coordination of the ACFTU and Ministry of Labour structures is a function of the CCP itself.

The trade union and government bureaucracies deal with similar aspects of labor, sometimes supplementing or duplicating each other; and in some respects they may be competitive. In general, the Labor Ministry deals with questions of labor supply, wage policy, labor-management, mediation, supervision of collective labor contracts and, until recently, supervision of the administration of labor insurance by the ACFTU. On the other hand, the ACFTU, as the "mass organization" of workers, has political and educational functions as well as the functions of "representing" labor in authorized negotiations with management; it may be said to be concerned chiefly with the management and manipulation of the labor force once it has been recruited, trained and brought to the bench, so that labor discipline will be maintained and labor productivity increased. The weight of both structures falls upon the worker—the proverbial "low man on the totem"—in such a manner that he loses all freedom for job movement (except as permitted by the Labor Ministry bureaucracy) and all freedom for the defense of his job interest (except as the ACFTU bureaucracy finds it useful or convenient to act in his name).

According to the 1953 Trade Unions Constitution, union membership is "voluntary." Economic, political and social pressures, however, have the effect of bringing all eligible workers in factories or shops of more than 25 workers into the union system. The worker's job status is determined by a collective agreement concluded for all workers, union or non-union, by the trade union executive; the non-union worker gains no advantage from withholding membership on this score. Management must contribute two percent of its total payroll for all workers and employes to the union fund, so that the non-union worker has a kind of investment in the social and educational activities of the trade union but is cut off from the use of libraries and reading rooms, recreational areas and other trade union facilities. More important, the "voluntary" abstention of a worker from the "mass movement" sponsored by the CCP can create political or personal difficulties for him. Furthermore, the Labor Insurance Regulations in force since March 1, 1951, positively discriminate against the non-union worker: in certain situations, he may claim only one-half the amount of benefits payable to a union member (by default, the trade union recaptures the other half for its own use since the mandatory three percent payment from payroll for labor insurance purposes applies to all workers or employes without regard for union membership). Finally, from its own revenues and from insurance fund surplus, the trade union maintains widely-advertised sanatoria, rest-

homes, recreation areas, etc., for use by union members. While Communist sources doubtless exaggerate the value or utility of these facilities for the average worker, their existence is probably a marginal factor increasing trade union membership. Considering these several pressures, it is no surprise that most workers take the path of least resistance, forfeiting one percent of their monthly wages for the trade union "admission" fee and dues thereafter.

The trade unions are enjoined by their constitution "to show constant concern over the improvement of the material and cultural life and the working conditions of the entire body of workers, technical personnel and staff members" (Article 30-b). Such "concern," however, is offset by conditions binding union action. As Liu Shao-ch'i has put it, "the material and cultural life and working conditions of the workers will be improved step by step in accordance with the need and as circumstances permit," but only "on the basis of increased production." The requirements of production take higher priority than the needs of workers; improvements and the supply of amenities are to be gradual; and nowhere does the suggestion occur that workers should determine "need" or "circumstance." Indeed, trade union cadres who may be preoccupied with welfare projects are subject to sharp criticism. ACFTU Chairman Lai Jo-yu, for example, condemned the unduly rapid expansion of labor insurance programs as "blind adventurism out of proportion to the practical requirements of the masses," warning that "in setting up collective welfare establishments . . . blind adventurism, over-ambitiousness and impractical approaches should be avoided."

Liu Shao-ch'i and Lai Jo-yu, in the passages quoted above, were reflecting Communist opposition to "economism" in the tradition of Lenin's policies at the turn of the century. The ACFTU's doctrinal journal recently defined "economism" as follows:

... a deviation in which improvements in material and cultural life for workers are undertaken without regard for actual increases in levels of productivity; or, when too much emphasis is placed on the provision of comforts and amenities for workers and too little attention is given to conditions of production; or, when wages are increased excessively without regard for actual levels of production; or, when short-term considerations are given higher priority than long-term considerations.

In effect, the campaign against "economism" is an application to the industrial worker of the familiar attack upon "tailism"—the supposed tendency of some party cadres to show a soft attitude toward worker needs and demands. Where the wants of workers can be reasonably satisfied within the established contours of the party line, cadres are instructed to satisfy them; but where the demands of workers are inconsistent with the direction of the party line at a given time, the task of the cadres is to "educate" the worker to appreciate the "irrationality" of his demand for comforts or amenities and to accept the tightened belt as a substitute. The senior ACFTU cadres, who are also CCP comrades or cadres, must try to popularize Spartan-like policies of abstinence and restraint for the working masses at the present, holding them out as the conditions for bounty and abundance in the future.

The party line of placing political considerations above economic considerations stems from the highest authority. As early as December 25, 1947, Mao Tse-tung warned the party Central Committee that an economic policy directed only to the "welfare of the workers" would be a "short-sighted, one-sided policy"—in fact, an "extreme-left, incorrect policy." Believing that that "kind of mistake" had been made during the period of the Chinese Soviet Republic (1931-1934), Mao pointed out that "repetition . . . would necessarily injure the interests of the working masses and

of the new democratic state." The urban proletariat was thus placed on warning that it should not read exaggerated promises into the revolutionary action of the CCP.

Mao's dictum became the keynote of propaganda for the following May Day (1948)—when wide publicity was given a special message prepared by Ch'en Po-ta, a member of the Central Committee close to Mao. Following Mao's lead, Ch'en insisted that the requirements of production receive higher priority than the claims of workers to high wages and creature comforts, and defined a "correct wage policy" as one which would "constantly stimulate the production enthusiasm of workers and staff employees." He spoke strongly against "equalitarian" tendencies in wage policy, advocating appropriate upward revision of wage scales for skilled workers according to the actual level of their production. Above all, he condemned "arbitrary, artificial, unprincipled, blind and irrational methods" of raising wages excessively, holding that such methods "could not raise the political consciousness of the working class."

That a "welfare" attitude persists among some workers and cadres despite party exhortation is apparent from Lai Jo-yu's speech to the Seventh All-China Congress of Trade Unions (May 3, 1953):

The prolonged and persistent existence of this erroneous economist tendency is primarily due to an apolitical tendency in trade union work. The political and ideological leadership of many trade union organizations is weak, failing to carry out consistent and practical Communist education among the workers. Once there is a deviation from Communist ideology, the working-class movement will inevitably move toward economism.

On the other hand, the trade union cadre is told that his failure to give suitable attention to the welfare of workers will lead to condemnation for violating the infallible "mass-line" of the party! Beset by the pitfalls of "right" or "left" deviations, the trade union bureaucrat moves slowly and indecisively where worker amenities are concerned; the general temper of anti-"economist" propaganda makes it safer for the bureaucrat to spend his time thinking about the margins of personal safety than in acting affirmatively to obtain a better break for the trade union rank-and-file.

Communist doctrine preaches that the worker has an innate attitude toward labor that distinguishes the society which he assertedly dominates from the bourgeois society which exploits him. Daily Worker of January 16, 1955, expressed this teaching in typical fashion:

The Chinese working class embodies special characteristics possessed by no other classes in the country; unselfishness, organization, discipline, revolutionary determination, thoroughness, unity and friendly spirit.

Evidently the Chinese worker has not been acting upon the implications of this doctrine, in spite of persistent efforts of the ACFTU to "educate and influence" him in the spirit of communism. First among the duties of a trade union member, according to the Constitution of the Trade Unions, is the observance of "laws and decrees of the state and labor discipline" (concurrently he is enjoined to "take good care of public property" and to raise his "class consciousness and working ability"). Yet on July 10, 1953, the Presidium of the new Seventh Executive Committee of the ACFTU noted the prevalence of such breaches of labor discipline as "absenteeism, leave without valid reason, work evasion, slow-down, disobedience in assignments and transfers, and non-observance of working rules and safety measures," and directed "trade unions at all levels to take the consolidation of labor discipline as their regular important duty." Trade unions were to establish indoctrination schemes and, among other things, to employ "emulation

campaigns" as devices for tightening labor discipline. In cases where persuasion failed to produce results, "recalcitrant elements constantly committing serious acts of breach of labor discipline should be properly punished."

Thus the groundwork was laid for the enactment of "The Outline of Labor Regulations for State Operated Enterprises," surely an astonishing revelation of the exploitative role of trade unions. The Outline was drafted in the higher echelons of the ACFTU, and was presented to the Government Administration Council on May 6, 1954, by Lai Jo-yu with a recommendation for their adoption. The Outline was enacted the same day. While the enacting process exemplifies the official status of the ACFTU, the Regulations themselves exemplify the nature of the Chinese Communist conspiracy against the Chinese working class.

The stated purpose of the Labor Regulations is "to ensure and consolidate labor discipline, correctly organize labor, fully and rationally use working hours, raise labor productivity and turn out quality products." Strict observance of the Regulations was enjoined on all workers as their "sacred duty." Seven "basic duties" of workers and staff members are defined principally as specific obligations of "labor discipline" (Article 8). Seven "basic duties" of management are also listed, including the "tightening of labor discipline"—this in Regulations drafted by trade union cadres! Ten of the 24 articles deal with punitive procedures; they authorize management to impose penalties administratively and to refer "serious cases" to the people's courts. Indeed, management is compelled to enforce such penalties or suffer punishment itself: Workers and staff members, when proved to be in error by the management, shall be punished immediately . . . Penalties shall be meted out to responsible administrative personnel failing to impose penalties within the set time limit. (Article 18).

The worker charged with a breach of labor discipline has a limited right of explanation, but nowhere do the Regulations even infer that workers may appeal through the trade union system or expect trade union cadres to intercede on their behalf. On the contrary: the Regulations imply that trade unionists should search out violations of labor discipline, report them to management, and then prosecute management for failure to punish workers. Although applicable directly to state-operated enterprises, the Regulations may be adapted to the maintenance of labor discipline in joint state-private or wholly private enterprises.

As in other instances, the trade union caucuses soon found themselves caught in an ideological crossfire. People's Daily (October 22, 1954) noted "increasing breaches of labor discipline" and emphasized the need for a "firm attitude" to insure the punishment of offenders. But Daily Worker (January 21, 1955) observed that "punishment of workers has become the principal method for consolidating labor discipline," and instructed trade union cadres to avoid "punishment" while also avoiding the contrary evil of "tailism." The worker remained under the whip.

"Comrade workers' courts" (*t'ung-chih shen-p'an hui*), attached to the system of people's courts, have also been instituted to enforce labor discipline. The Communist press has featured the general "educational" benefits reported in the experience of 70 such courts established in state-owned industries up to June 1954. The trial of 33 workers and employees in the Anshan Iron and Steel Company during 15 proceedings in 1953 had the asserted effect of reducing absenteeism in a section-group of the Anshan plant from 20 percent to 1.2 percent. Although People's Daily described "comrade workers' courts" as "mass organizations of workers for self-education," this description was belied by the suggestion that the courts ought to be composed of more

ordinary workers than trade union officials. The suggestion was also made that the "comrade workers' courts" might modify the punitive aspects of their practice by restricting their deliberations to cases presented to them by the administration of the enterprise.

Trade union programs for stimulating an increase in labor productivity have centered not only on "the strengthening of labor discipline" but also on "the development of labor emulation." The latter term is a Marxist-Leninist equivalent for "labor speed-up," generally looked upon by the free trade unions of the West as a device used by unscrupulous management to overwork labor. Communist trade unions take an opposite point of view. The development of production, according to Lai Jo-yu, is "the most important task of the trade unions, and:

The fundamental method of the trade unions in developing production is to lead the masses step by step to take part in labor emulation; and, through emulation drives, to develop to the highest degree the activity and creative initiative of the workers, technical personnel, and other employes; to improve labor organization, production processes, equipment and methods of operating machinery, and thus to raise labor productivity. . . .

The general process of development of labor emulation is from shock work to regular methods of work, from a low to a high level. It is the process of continuously raising the ideological consciousness and technical level of the masses, and is also the process of raising the backward elements in production to the level of the advanced.

The Chinese Communist concept of "labor emulation" is closely related to that of "socialist emulation" in the Soviet Union. Lai Jo-yu has invoked Stalin as an authority to describe the "radical revolution" that emulation brings "to men's views of labor, for it transforms labor from a degrading and painful burden, as it was regarded before, into a matter of honor, a matter of glory, of valor and heroism 'sic!'" The January 27, 1954, directive of the ACFTU Executive Committee on labor emulation cited Stalin on the use of the "emulation drive" as "a Communist method by which millions of the laboring masses work with the greatest enthusiasm to build socialism." These quotes reveal the dual purpose of labor "emulation" in the Communist view: while its concrete aim is to increase production, it is also considered an important means for "awakening the political consciousness" of the Chinese worker and for inculcating in him a "correct Communist labor attitude." In a sense, therefore, labor emulation is used as a method to reorient the urban worker toward official doctrines of society and production relations, as "reform through labor" (i.e., forced labor) has been employed to reeducate other classes of Chinese society. In the end, the post-Marxian "historical materialists" seek to evoke greater productivity from the worker by appealing to his loyalties to "state" and "class" rather than by appealing to his pocketbook and self-interest.

According to Lai, 683,000 workers took part in emulation drives in 1950; 2,380,000 in 1951; and 2,830,000 in 1952. By 1953, the "emulation drive" had become a normal method for meeting the production schedules of the First Five-Year Plan. On January 27, 1954, the ACFTU Executive Committee directed that emulation drives no longer be based on spontaneous effort but be "organized and planned"; only thus could the drives "become a regular, permanent form of labor as distinguished from 'shock' labor." The trade unions were instructed to "raise the level of leadership over such drives" and to "work hand in hand with the management and organize emulation drives in a practical manner." Emulation techniques and objectives are now written into "collective labor contracts" negotiated by trade union cadres with managements of state

# THE CURRENCY PROBLEM IN EARLY HONGKONG

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The intention of Sir John Davis' proclamation on the currency, of 1st May 1845, was to permit the circulation of certain gold and silver coins at established parities so that the practice of chopping coins and circulating silver by weight could be obviated. It was expected that British coins by their own intrinsic value and standing, would gradually oust all other coins and so bring the desirable order into the currency chaos. In fact business practice continued exactly as it had been before. Vast amounts of silver flowed in settlement of commercial transactions, for example, silver to the value of \$6,022,587 was stated in the 1848 annual report to have been exported from Hongkong, of which \$5,053,132 went to India, and \$193,258 went to Britain. In 1849 the amount exported was \$10,057,986.

In March 1852 Bonham reported that Spanish dollars continued to be the real standard of value, and that civil servants were complaining that they were paid in other coins and so were losing about a twelfth of their salaries. Bonham enclosed with his dispatch, a memorandum from Gray the manager of the local branch of the Oriental Bank. Gray pointed out that the difficulty was that the currency was based on a double gold and silver standard; and on a triple silver standard, Spanish dollars, "republican" dollars and other silver coins. Spanish dollars were the standard, and others varied from 5% premium to 12% discount, and he suggested that Spanish dollars should be the sole currency and that the notes of his bank should be made legal tender. As a result of this memorandum, and of the complaints of

and joint state-private enterprises; in some cases, they are written into contracts with private enterprise.

The ACFTU has embarked upon indoctrination programs designed to "help workers and staff members overcome their difficulties and dispel their ideological misgivings" about various speed-up and rationalization measures. To elicit rationalization suggestions from workers, the ACFTU proposed to the government Administration Council a scheme of financial awards, up to the equivalent of US \$20,000, which was adopted by the Council on May 6, 1954. In the past year hardly a day has passed without some reference to "emulation," or some patriotic or financial incitement to "struggle" to surpass production norms and planning objectives.

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To sum up what has been said, the labor scene in China presents a sorry view of the lot of the workingman under Mao's regime. In state-operated enterprises, workers have become pawns to be manipulated by management, government labor offices and the ACFTU according to the political-economic objectives of the regime as fixed by the CCP. In joint state-private enterprises, the ACFTU works hand-in-glove with the state-designated management to achieve, in time, the exclusion or absorption of the private share. Spontaneous expressions of interest by individual workers are completely proscribed (except when worker complaints can be employed in the "criticism and self-criticism" of ACFTU cadres).

In short, the "labor movement" in China has lost any resemblance to the free world concept of a workers' organization seeking economic betterment for its members; it is clearly and simply a tool of the Chinese Communists for the manipulation of labor to their own ends.

the officials over their salaries, Bonham proposed in his dispatch that the currency proclamation of May 1st 1845 should be rescinded and that Pottinger's arrangements of March 1842 should be restored. The suggestion was not accepted by the home government.

All colonies using British silver coins were ordered to issue proclamations making sterling silver coins legal tender on the same conditions as in England, that is up to a maximum of forty shillings, and Jervois, the officer administering the government, reported in April 1853 that this had been done in Hongkong.

The effect of this proclamation which was to come into force, in October 1853, was to attempt to impose the gold standard on an economy which was dominated by silver and it had little effect on actual monetary conditions in the colony, which continued generally to use dollars in the traditional way. Sovereigns soon were at a discount of up to 20%. The fault appeared to lie with the home government which was imposing legislation without any reference to actual conditions in the colony. A uniform currency for the British colonies based on that of the home country, still dominated the thinking of the treasury.

A further development occurred just before Bonham left for home. In January 1854, the Chief Justice, J. W. Hulme, ruled that where a contract had been made in dollars, payment must be made in dollars, and not in any other coin though this might be legal tender in accordance with the proclamation of May 1st 1845. The case had arisen out of an action over the payment of the rent of a house which was rented by a well-known speculator, George Duddell, from the owner, Lapraik, the head of a shipping company. Duddell bought sterling silver coins and rupees at a discount in the open market, and used them to pay his rent, at the legal parities laid down in the 1845 proclamation. Lapraik refused to accept these coins, and sued Duddell for dollars, and Hulme ruled that the crown proclamation did not invalidate special contracts, and that the rent must be paid in dollars. Duddell's example was followed by many others. Mercer, the Colonial Treasurer, reported that it was customary for "Chinese and others" to buy British money cheaply in the market and use it to pay their crown rents, and he estimated that government lost 15% of the rents reckoned in dollars. The crown leases however specified that rents should be paid in "current dollars of the said Colony (at such rate of exchange as is now or hereafter may be fixed . . .)". Lapraik was one of those who tendered sterling as rent, and, to settle the matter, he agreed to have a case brought against him, and the Chief Justice ruled for the government against Lapraik, that government could demand payment of rents in dollars. In February 1854, a notice in the Government gazette warning that henceforth all crown rents were payable in dollars.

Sir John Bowring, who had been consul at Canton, and became governor in 1854, was the first to advocate a mint in Hongkong to produce Hongkong silver dollars. In September 1855, in a review of conditions he found in the Colony, he gave his view that gold coins had depreciated, by as much as 30%, and could not be forced on the Chinese purely by law. The Colony worked in dollars, and he commented adversely on the "visionary and official value given by currency ordinances to the circulating medium." He thought British commercial interests required a regulation

of the currency and he suggested a mint in the Colony to produce a Hongkong dollar to be the sole standard, and he thought that it might be adopted by the Chinese Imperial Government.

In March 1856, Bowring wrote to the Secretary of State, Labouchere, and made a definite proposal for a mint in the Colony, to produce silver dollars since gold coins were at a considerable discount; he said all the merchant houses in the Colony kept their accounts in dollars, and thought the Hongkong Government should do the same. The British Treasury commented that as the Chinese seems to prefer carolus dollars there did not seem to be much future for a British dollar. The Colonial Office complained that the question of the gold standard and the question of a British dollar were different questions; and the result was that no action was taken. In November of the same year, Bowring again proposed a mint, and sent home a long letter from the United States merchants in Shanghai supporting the suggestion. In July 1857 Australian sovereigns and half-sovereigns were made legal tender in the Colony, as the result of an instruction by the home Government.

In October 1857 the question came up again, this time over the payment of a special grant of £10,000 made by the British parliament to help out the Colony's finances. Bowring asked that the money should be paid in dollars because sovereigns were at 19% discount. He again suggested a mint for the Colony, or alternatively, a silver dollar issued by the London mint. He again argued that there was much loss over golden sovereigns and that this caused controversy and annoyance. He said if his suggestion of a mint had been adopted, it would now be making big profits because the dollar could be minted locally for 4/4 or 4/5 and the value on the market was between 4/9 and 5/-, and the carolus dollars stood at between 6/8 and 7/4 in the northern ports. The British Treasury was not impressed by Bowring's arguments and raised difficulties in a minute dated February 28th, 1858. It was not impressed by the letter from the Shanghai United States merchants, and pointed out that if the mint were successful, they would benefit, and if it were a failure, the cost would fall on the Hongkong tax-payer. The Treasury argued that it would be better if they all urged the official at Canton to accept Mexican dollars as equivalent to Spanish. It thought that Bowring had underestimated the cost of the mint too, and it noted that he had given no evidence for his statement that dollars could be coined in the Colony for 4/3 or 4/4. If the London mint were used, coining could not be done under 4/6 a dollar. The Treasury minute again gave the orthodox view that gold coin was the only real dependable standard, and it argued that sovereigns were at a discount because silver dollars were undervalued, not because gold sovereigns were overvalued, and that what was needed was a readjustment of rates. The Colonial Office reply to Bowring was to send on the Treasury minute virtually without comment.

In May 1858, Bowring again urged the mint project, and proposed to call the dollar it would produce the Victoria dollar. In February 1859, the Executive Council passed a resolution that the currency of the Colony should be dollars and cents, and the Legislative Council passed a similar resolution, and in reporting this home, Bowring added that the accounts of the Colony should be kept in dollars and cents. But by this time Bowring was on the point of retiring, and it was left to his successor, Sir Hercules Robinson, to carry out much of what Bowring had suggested.

Bowring had failed to get any substantial change in the currency system, in spite of the many efforts he made. There were many reasons for this. He never clearly disentangled the various related but separate issues; for example the problem of a gold standard or a silver standard

was always linked up with the question of the Colony undertaking to coin dollars in its own mint, as if the mint were the necessary corollary. The matter of government servants being paid in dollars was dragged into the argument. Bowring never put up the issue clearly and simply, and the orthodox Treasury which wanted to maintain the traditional policy of one currency throughout the Empire, based on gold, had little difficulty in providing good reasons against his proposals. Again, Bowring did not put up any detailed scheme. He never presented any estimate of the cost of a mint, or of the cost of coining, and his anticipations of profit were assumptions which had little basis in the matter of concrete evidence. He was the sort of man that tended to have plenty of ideas, but with little administrative ability to carry them out. He proved quite unable to control his officials, and under him the Colony's administration broke down under a series of charges of official corruption, malversation, libel which the governor was quite unable to control, and damaged his standing at home. He lost the confidence of the Colonial Office and was prematurely retired. It is not surprising therefore that his successor should have succeeded in carrying out and getting credit for the ideas that Bowring had advocated.

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# IMPERIALISM

By Hubert Freyn

## 2. THE COMMUNIST IMPERIALISM OF TODAY

### I

In the last stages of the First World War Wilson proclaimed the Self-Determination of all Peoples, but as his allies were Great Britain and France the result of the peace conferences was onesided. Unencumbered Lenin, around the same time, not only thundered against imperialism but did something about it, beginning at home. Czarist Russia was transformed into the Union of Soviet Socialist Republics in which the non-Russian peoples were given autonomous regions under their own officials. Lenin could only acquiesce in the resurrection of Poland, Finland, Estonia, Latvia and Lithuania whose liberation had been decided by Russia's one-time allies, now her enemies, the West European imperialists. But demonstrating that he meant what he preached also abroad, he voluntarily renounced the Czarist privileges in China Proper; their retention in Manchuria could be explained as a safeguard against Japan.

Today, a generation later, we find the Communists everywhere as vociferous as ever in their condemnation of imperialism, but the facts are otherwise. The U.S.S.R. has reincorporated three of the Baltic States, and made Poland, East Germany, Rumania, Bulgaria, Hungary, Czechoslovakia and Albania into satellites. In Asia it has absorbed Tannu Tuva, transformed Outer Mongolia and North Korea into satellites, maintains a lively interest in Manchuria and Sinkiang and can treat mainland China as a younger brother requiring guidance and support. All over the world Communist Parties burrow ceaselessly to advance the Cause.

Sir John Kotelawala of Ceylon emphatically declared at Bandung that Asiatics rejected all forms of imperialism, European and communist.

Strenuously denying that they are imperialistic, the Communists point to the façade—autonomy at home and governments staffed by natives in the satellites—as proof. Nowhere a single viceroy, governor-general, governor; nor does the Soviet Government have that other indispensable feature of European imperialistic government, the colonial office. They can also point out that the United Nations at its very start admitted as members two autonomous republics of the U.S.S.R. and in the recent "package deal" five satellites.

Many non-Communists were taken in by these appearances, just as they were by other communist methods which said one thing but meant another. They had forgotten such devices of British imperialistic rule as the control by inconspicuous Residents of India's native states and Malaya's sultanates; and that in the League of Nations British India had a seat like an independent country. But also if they knew nothing about the past and nothing of what goes on behind the iron curtain, they ought to have been startled by one curious fact. Out of this enormous communist empire stretching from the Elbe to the Pacific, which contains dozens of peoples of divergent races, religions, cultures and traditions, there never emerged a single official or even unofficial voice of dissent, save in the telling form of uprisings and of refugees. The words and acts of the autonomous and independent governments always tally exactly with the words and acts of the rulers in the Kremlin.

This truly inhuman unanimity requires behind the facade of independence a reinforced concrete. It consists of three

well-known basic materials, all covered by a firm layer of propaganda polish. One, the presence of armed forces, is familiar to the past European imperialism while the other two are new: the Communist Party and the secret police. But imperialism, the domination of one government over other peoples for political power and economic gain, does not specify means and appearances but is a relationship between ruler and ruled. This is the sole criterion, and all else is incidental.

Communist imperialism lacks a significant advantage which yesterday's European imperialism commanded through no virtue of its own. World conditions deprive it of the magic wand which the Europeans held in the form of the machine and by which they could impress Asia's backward heathens with their unique power. No communist commander today can repeat the performance of Captain Elliott, R.N., and other British naval officers who with a few shots shattered the Chinese navy and established British supremacy on the China coast. No communist envoy today can as easily succeed as Sir John Bowring, Governor of Hong-kong, who in 1855 could compel the reluctant but understanding King of Siam to a treaty merely by arriving in a steamship. The best Bulganin and Krushchev could do was to come to India in a Russian-made airplane; the plane as such had long since ceased to be novelty. Chou En-lai could not even travel in a Chinese-made aircraft; the best he could muster was one with a Chinese crew. Such records are poor advertising for the superiority of Communism.

Many European imperialists were liberals who disliked violent methods where they could be avoided, which was not always the case. Under Lenin and Stalin the use of violence and cunning were officially sanctioned in order to advance Communism everywhere. They appear indeed to be indispensable, for we have before our eyes the fate of a man who believed he could proceed at a different pace over a different road to the foreordained goal, Mao Tze-tung.

### II

Although the leader of the Chinese Communist Party is still among the living, the perspective on his life is long enough to suggest an epitaph: "Here lies buried a democratic Communist. His doctrine was stronger than his conviction."

In his youth Mao studied a great many writers—the British liberals, Kant, Goethe, and the Chinese reformers including Sun Yat-sen, who had established a republic. Unfortunately, the new state had become the prey of warlords and the imperialists were even more firmly entrenched than before. Only their composition had changed. After taking over the German possessions the Japanese threatened to subjugate China completely, including the British and French strongholds and spheres of influence. Wilson's inspiring words were followed by little tangible results, but beyond the northern border Mao could see a fabulous new experiment in anti-imperialism that had something to show. It did not take him long to become a Communist.

Sun Yat-sen's Russian alliance (for years Sun had begged for American support but been turned down) opened the gate of Mao's future. Chiang's break with the Russians

seemingly closed it and made him a fugitive. In the Chinese Soviet Republics of 1930-4 Mao tried a combination of Russian-communist and old-style Chinese peasant revolt methods; it failed. Their non-violent successor in Shansi Province was small and unimportant.

Mao's great opportunity was provided by the Japanese attack in 1937, and he was later perfectly honest by giving credit to this circumstance he had not brought into being. "We Communists," he wrote when reflecting on past and future, "are always sincere." What he accomplished was a unique paradox, although its present victims on the mainland no doubt prefer the words "hoax" or "deception." But Mao had no intention to deceive when he borrowed from Chiang's lukewarm Kuomintang the Three People's Principles of the late Sun Yat-sen and put all communist energy and enthusiasm into their enactment. Throughout eight years of war and for several years afterwards the Chinese Communist Party acted not as Communists but as executor of a program designed by a Chinese liberal.

The result exceeded Mao's own expectations, as he also admitted. In their role as agrarian reformers the Chinese Communists won not only the adherence of a hundred million people behind the Japanese lines but also the unstinted admiration of countless foreigners who were anything but Communists.

What Chinese and foreigners alike overlooked was to pay attention to Mao's writings in which he explained what he was doing and intended to do. The application of Sun's program was the "bourgeois-democratic phase" through which China and other undeveloped countries had necessarily to pass on their way to Socialism as exemplified by the U.S.S.R. On July 1, 1949, when Mao had won half of China, the Peking radio broadcasted a long article of his in which he reiterated this goal. But what he equally emphasised was the method to be employed. Warning his fellow Communists that the road to be travelled was one of decades, he said: "Our methods are democratic; we shall use education, not coercion."

At that time the Chinese Communists were still following the Three People's Principles, but since the Japanese surrendered the pressure in the Liberated Areas had been increasing. From the regions which during the civil war changed hands several times had come first-hand reports on the communist behaviour. At the first occupation their troops were politeness incarnate; at the second they took what they wanted; at the third they killed those who objected. Hence the bitter quip on their progress: "Nod the head, shake the head, chop off the head."

A recent report gave a figure of 21 million having been liquidated and 23 million being held in concentration camps. Add the torture and killing of missionaries and prisoners of war, the maltreatment and detention without trial of foreign civilians as "spies," the anti-campaigns against the bourgeoisie, the omnipresent secret police: what is left of Mao's educational method free of coercion?

Mao committed two serious errors of judgment. One was his expectation that the Chinese people would willingly follow him also beyond the Three People's Principles. A confirmed Communist, who had endured incredible hardships and faced frightful dangers for the sake of his doctrine and unshakably believed that Socialism was Man's salvation, he could not understand that his people had not the slightest inclination to be educated for Socialism. After the withdrawal of the Kuomintang troops from the mainland, when the program was put into high gear, popular resistance began to increase.

Mao's second error of judgment was caused by his inexperience in foreign affairs. In his July 1, 1949 article he naively divided the world into two camps, the good anti-imperialists led by the U.S.S.R. and the bad imperialists

headed by the American Capitalist war-mongers. He did not realise that by his self-chosen dependence on the Motherland of Socialism he had brought forces into his land which he could not control. A Moscow trained party vice-chairman and Russian advisers to the tune of a hundred thousand might not fall in step with his slow educational program. And the policies of Russian-Communist imperialism, whose miscarriage in Korea was responsible for the Chinese intervention tore it to shreds. The first venture of Chinese-Communist imperialism, the conquest of Tibet, followed as a matter of course; Vietminh dependence is unavoidable.

How Mao now feels we can glean from his infrequent public speeches in which he urges an accelerated tempo of Socialisation.

### III

Greater speed, involving more repression, is the only means that presents itself to Peking's policy makers who must be aware of the following circumstances:

(1) The unwillingness of the Chinese with experience of communist rule to return to the fatherland. If the two million Chinese refugees on Formosa may be explained away as "prisoners," the one million new immigrants in Hong-kong are free to go back. Worse yet, of the Chinese and North Korean prisoners of war in Korea fully two thirds refused repatriation, and the overwhelming majority of the Chinese chose to go to Formosa! If that is a criterion, how much is two thirds of five hundred million? A side glance shows the stream south from Vietminh and the torrent west in Germany.

(2) The vicious circle created by their own acts at home where the state has become a superlandlord who takes what he wants and, by abolishing the free market, reduces not only the peasantry but also all other former classes of society to serfdom. Far from showing any signs of the state withering away in favour of the Classless Society, the evolution is in the opposite direction; new and more oppressive classes taking the place of the old ones. They are the same in all communist states, namely, the autocrats at the top, the party hierarchy, the officers of the armed forces and the secret police; and the technicians and official propagandists. The rest is proletariat kept on scant rations. Here lies the abysmal difference between promise and performance.

(3) The sale abroad of rice and other foodstuffs from overpopulated China where famine is endemic and millions annually die from starvation. This is nothing new. One of the most moving of Sun's writings is the passage where he accuses the Imperialists and their hangers-on of selling foodstuffs abroad because it was profitable while the people were starving. But when a generation later the identical crime is perpetrated by the Chinese People's Republic, Madame Sun Yat-sen finds nothing to criticise; even on her tours abroad she praises it fulsomely.

At work in her mind and in the minds of the policy makers is the identical limitation which circumscribed the minds of the already quoted British imperialists a hundred years ago. Adverse facts are brushed aside with this plausible reasoning: "The Chinese people do not know what is good for them; therefore, the good must be forced down their throats." The universal good—and the good of the imperialists is always universal, hence their superiority belief—may be free trade, salvation through the Bible, the greatest happiness of the greatest number, Socialism or Marxism-Leninism. The mental condition of the oppressors is always the same. The water flowing over the dam may be dirty, but it drives the mill wheel. What we need is more water.

#### IV

Weighing the scale of power so far the Communist leader in Moscow and Peking notices on one side his disadvantages—technical inferiority, inability to overawe and lack of spontaneous domestic support; on the other side his advantages—a unified command of secular and spiritual authority, ability to cow and terrorise, and absence of an effective domestic opposition. He adds in his favor the mentality of his prospective European victims who, having lost all feeling for imperialism and the sacrifices it entails, solely wish to live in comfortable peace. He adds the mentality of his prospective Asiatic victims most of whom, besides lacking power, are easily groomed into willing supporters. And the scale tips decidedly on the side of success. If the main issue were confined to Eurasia, with Africa, Australia, and the Americas as side shows—another circumstance enjoyed by the European imperialists a century ago—he could almost relax. As the doctrine says, time is on his side, the goal of world domination is foreordained.

But the main issue is no longer so confined. Marx could not foresee and Lenin could not fully evaluate the new power beyond the oceans which threatens to drag the scale far down on the other side, the United States of America.

Let it be conceded forthwith that the American civilisation has aspects which many Asiatics, and Europeans too, heartily dislike. But taken in opposition to communist theory and practice it has all the answers, and not in words but in deeds. At one time not so long ago (Mao still believed it in 1949) the Communists liked to present the U.S.A. as the land of an enslaved, downtrodden people exploited by a few Wall Street magnates. In doing this they transposed the industrial and social conditions of England at the time of Karl Marx to the present-day America. But at least in their foreign propaganda the Communists can no longer use this dear cliche with all its revolutionary promises, for the exact opposite is simply too well and widely known, even, partially, inside the iron curtain. Just in Capitalist America the proletarian, unhampered by class distinctions, has become an affluent bourgeois to whom all the promised boons of the future Classless Society have become today's natural rights: good food, good clothing, the highest wages in the world, freedom from exploitation, freedom of speech and of movement in his own automobile; last but not least, libraries, education and foreign travel. Every year millions of American tourists (not a few idle rich) stream all over the world wherever they want to go. And this achievement was reached without colonies (and without a colonial office), without exploitation of alien peoples, without the least imperialism. The U.S.A. is proof positive that Marxism-Leninism is, if not balderdash, at the very least totally unnecessary.

The devout Communist, who believes in his doctrine religiously, explains the mirage as the work of the Devil, and those who know better naturally exploit their attitude to the full. Therefore, the U.S.A. is pictured as the Arch-Imperialist, a device of great appeal at home but also among the Neutralists abroad who cannot forget what they suffered from European imperialism yesterday. But much more is necessary to rectify the scales—the U.S.A. must be exceeded. Not in the standard of living but in armaments; and this as soon as possible.

American propaganda and diplomacy may be no match for their communist counterparts, but no thinking Communist at the top, who is unhampered by the iron curtain, can close his eyes to the dangers. The living example may overcome the lingering resentments among the Neutralists, and if the process were carried far enough, it might even create rebellion at home. That would be the end not only of communist imperialism but also of all communist rule.

Therefore the frantic haste in all endeavors which otherwise would be quite inexplicable in men marching to a

## LETTER FROM SINGAPORE

March has been Merdeka Month—and a stormy one. The Chief Minister returned from his convalescence in Switzerland to speak of crisis and a change of climate from the sunny optimism of his mid-winter visit to London. Although his own party rejected his proposal of a merger with the new Liberal Socialist Party in a statement reflecting on the good faith of the new merger with its new policy, the Liberal Socialists did not break away from the All-Party Mission to London in April. All parties were therefore agreed. The Chief Minister, however, announced that, as there seemed doubt about the reality of the feeling for independence, there should be a political demonstration in the form of a Merdeka Week with meetings, posters, a signature campaign, and a grand climax in a demonstration to coincide with the presence of the six MPs of the Commonwealth Parliamentary Delegation who would be in Singapore to study the political situation.

Invitations had been sent to Australia, New Zealand, India, Pakistan and Ceylon, to send similar groups of MPs, but at short notice in the middle of Parliamentary sessions, none were able to accept. Mr. Lee Kuan Yew, picking up a Press phrase that they had been invited to assess Singapore's fitness for self-government, made a bitter attack in the Assembly on Australian 'impertinence and impudence to come along and assess and examine my fitness to be my own master in my own home'. The Chief Minister called the speech a 'slap in the face for neighbours who were genuinely seeking to be nothing other than friends'. It had 'irretrievably damaged the P.A.P.'s usefulness in the Merdeka Mission.'

The Merdeka Week was organised by a committee consisting of the Secretaries of the four parties. It was to be, said the Chief Minister "a magnificent adventure in unity where people speak with one heart and one mind".

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foreordained goal. All efforts must be multiplied, and because of the technical inferiority the vast register of peaceful penetration must be played which includes subversion, strikes, sabotage, terrorism, assassination as well as soft words, red-carpet and "unofficial" invitations, "private" cocktail parties and gala banquets, and cleverly conducted tours of the high spots of communist achievements. Only two measures must be avoided at all cost—a plebiscite in a Liberated Region, the refugee record being already bad enough; and the abolition of the iron curtain, which is indispensable for the mental control of the people at home. \*

No one need doubt that the communist rulers in Moscow as well as in Peking desire peace with utmost sincerity—because they know only too well that right now an all-out war with the United States of America would be a losing proposition. Peace alone can give them the indispensable delay to redress as far as is humanly possible their technical inferiority and to win allies. That these allies are already numbered among the future victims does not matter so long as they do not recognise their fate. (The British people are reminded of the old Continental accusation, *Perfidious Albion!*). Any means at all will do if only it lulls a potential enemy into inaction, if it deceives a confused Neutralist into friendship.

In one breath Krushchev can stress co-existence and that "Communism will win." Like Mao Tze-tung and other top-ranking Communists he is perfectly sincere.

What this attitude holds out for the future the third and last article will sketch.

It was conducted in an atmosphere of emotionalism, and no precise definition was given of the meaning of the word "Merdeka". The issue became one of anti-colonialism; this was not always distinguished from anti-British sentiments and PAP speakers during the week made no attempt to mince their attacks on Europeans and their standard of life. And the so-called Chinese cultural societies whose attempts to introduce songs and dances of Communist context from China and Russia, had been restricted by the police, rallied to the Merdeka week and took the opportunity to air their grievances and attack the police. During the week the taking down of a poster put up by the Chief Minister under the "apple tree" where his election speeches had been made, and a space-consuming anti-Merdeka entry in a signature-book at the Assembly House brought violent personal inter-section by the Chief Minister which suggested opposition was not welcome and which brought unnecessary heat and personality into a week already well-charged with emotion.

On the Saturday at the end of the week, the four parties broadcast short statements on their views of what Merdeka meant. The Chief Minister said the purpose of the week was to give "an opportunity to express freely and beyond doubt the genuine feelings and strong desire for independence, in peaceful and democratic fashion." They sought "freedom from Colonial rule in the context of what is reasonable and what is just to the non-Malayans who have important interests in Singapore." For that reason they "sought independence but were prepared to cede to the U.K. control of external defence and guidance in foreign affairs other than in trade." They asked it "out of no bitterness for the British people". He regretted some quarters were "twisting it into an anti-White campaign". "We of the Labour Front do not seek to establish Asian arrogance to counter European arrogance of the past. We welcome all commercial and cultural organisations but we do want to be in control of our own government."

Mr. Lim Choon Mong for the Liberal Socialist Party said they sought "orderly transfer" to the "independent status that is our undeniable right". They were now in a position to accept self-government which would be "fully guarded against any foreign interference." They sought the "status of an equal partner with the Federation if we merge as one nation."

To Mr. Lee Kuan Yew, of the People's Action Party, Merdeka meant working for themselves not "to provide profits for British invaders and comfortable and luxurious homes for European managers and civil servants" for "The British are here to make money and jobs for themselves". Freedom was their birthright not the "award of a generous Colonial power". "We do not want freedom on the instalment plan. We do not want to be ruled by British Governors" . . . . "Colonialism is now dead in Asia" after "centuries and more of exploitation. If they give us our freedom, the British can be our friends . . . But . . . the Malayan people are out for Merdeka and they mean to get it".

The symposium ended with a statement by Che Abdul Hamid bin Haji Jumat of the UMNO-MCA-Alliance. They had proved their capacity for good government. They were neither anti-White nor anti-British—there must be peaceful and constitutional evolution but "our goal is independence and in this we are not prepared to compromise". "Like the

peoples of Britain and the USA, we too have our national pride and want to walk with our heads high in the air and say to the world—and say it proudly "We are a free people".

In another statement that day, the Chief Minister referred to the fear that independence would open the door to "organised Communists taking orders from outside". He said "If I believe that as a result of our freedom we would fall out of the frying pan of Colonialism into the fire of Communism, I would not be fighting for independence. But I am firmly convinced that the people of Singapore will resist any attempt to make us a Colony of Communism. . . ."

March 18th was the day of the rally at the former Kallang Airport. So much argument has followed on what really happened and what the events portended that first-hand experience can scarcely be taken as a guarantee against fallibility. Nevertheless, a record must be attempted. Free transport to the rally was provided by bus and lorry and the official estimates were of a crowd of 35,000. They were brave with banners—for Merdeka, and against Colonialism. Some said "Remember Cyprus" while some UMNO banners carried the slogan "End Colonialism and Fight Communism." When the Ministers arrived and went on to the wayang style platform it collapsed. While Mr. Lee Kuan Yew addressed the crowd near the platform to prevent any panic or disturbance, the Chief Minister went on to the airport building to transfer the rostrum and meet the M.P.s whose arrival was delayed till the new arrangements were made. But the microphone at the building did not work and after a speech in Malay by the Chief Minister and the introduction of the M.P.s to the crowds, the rally was abandoned without the speeches being made or the resolutions proposed. A heavy shower of rain came on, and a section of the crowd rushed into part of the building. As they were breaking windows the police moved them out. A crowd of 3,000 remained outside singing and shouting slogans. Some 300 of them then attacked the police with stones and bottles and ousted them, breaking the windows on the ground floor. There were 3 baton charges by the police to push them back. 50 people, including 20 police, were injured mainly by cuts. There were no serious injuries, and the story published in a London newspaper of a boy being trampled to death is completely unfounded. The police earned high praise from Ministers for their restraint in face of provocation. During this unruly period, groups of Chinese including schoolboys were dancing the Chinese Communist 'Yangko' Dance, and a large banner of the Communist Peace Dove was paraded across the airport. This was brought from a 3-hour meeting of so-called Chinese Cultural Societies which had been held in the Badminton Hall immediately before the Rally. The most disturbing aspect of the rally apart from the demonstration of how little below the surface is the violent element among a certain section of the population, was its association with Communist songs, dances and slogans. The Chief Minister himself who felt that the news had been played up to the disadvantage of the movement for self-government, felt it necessary to condemn what he called "Yangko Merdeka" with its alien Communist associations.

The day ended unhappily for the high hopes placed on it by the organisers. The organisation broke down, and no impromptu substitute was made. Nevertheless, the large crowd was a strong if not overwhelmingly convincing demonstration. The crowd was well-balanced and orderly at the airport, despite the disappointment at the anti-climax, and during the dispersal. The hostile element isolated itself and proved the real threat to self-government in violence associated with a Communism with alien associations. All the party leaders considered the events should put no brake on progress to self-government. The day brought a touch of

realism to the Merdeka issue, and more and stronger public discussion of the dangers ahead. A meeting the following Sunday by the STC Workers Union became another occasion by leaders of the PAP and their related Unions for preaching violent anti-Colonialism in an anti-racial tone. The previous Sunday's events brought no record thoughts to that group.

But with the approach of April 23rd and the constitutional talks, the practical problems are being faced. 13 Assemblymen will form the delegation—7 from the Government side, and 6 from the Opposition. The Government delegation will consist of the Chief Minister, Mr. David Marshall, the Minister for Labour and Welfare, Mr. Lim Yew Hock, the Minister for Local Government, Lands and Housing, Che Abdul Hamid bin Haji Jumat, the Minister for Health, Mr. A. J. Braga, the Minister for Commerce and Industry, Mr. J. M. Jumabhoy, Mr. Wong Foo Nam of the UMNO-MCA-Alliance and Mr. Seah Peng Chuan of the Labour Front. Mr. Lim Choon Mong and Mr. Lim Koon Teck (former Progressives), Mr. William Tan and Mr. Lim Cher Keng (former Democrats) will represent the Liberal Socialists Party and Mr. Lee Kuan Yew and Mr. Lim Chin Siong, the PAP. They are holding preliminary meetings and Sir Ivor Jennings, the constitutional adviser has now arrived to draft the new constitution. At a meeting on March 26th, they agreed on this formula "To seek forthwith for Singapore the status of an independent territory within the Commonwealth and to offer an agreement between the United Kingdom Government and the Singapore Government, whereby the United Kingdom would exercise control over external defence and give guidance in foreign affairs other than trade and commerce." The phrase the Chief Minister used in another context is that in external affairs and defence, H.M.G. would have "concurrent and paramount" powers.

In speeches, Mr. Marshall has emphasised that "No half-measure can succeed in meeting the grave danger that is facing this country from the Communist front". In an interview he said he will consider a device to ensure co-operation in maintaining internal security. The way for discussion is not therefore closed.

Internally Mr. Marshall seeks election in 1957 to elect an additional member for each of the present constituencies making an Assembly of 50: the abolition of the ex-officio membership of the Council of Ministers and the Assembly. To the present unofficial member of the Council of Ministers would be added a Minister for Home Affairs, under which would come the Attorney-General, and a Minister for Finance. A Singapore nationality would be established—by Act of Parliament, he hoped.

Relations with the Federation which are very relevant to Singapore's future have been under further discussion. Sir Cheng Lock Tan was quoted in the Press as speaking in favour of a union of equals, but his view found no support in the Federation and its authenticity was subsequently denied by him. In the Assembly the Chief Minister said that he and Tengku Abdul Rahman had been "in constant consultation" and agreed that "union is desirable" but the Tengku considered that "the paramount task of the Federation Government is an early finalisation of the new Constitution". Official discussions would therefore not take place till the new Federal Constitution was finalised. This was reluctantly accepted particularly by Mr. Lee Kuan Yew who had been making independent approaches to Tengku Abdul Rahman. The Tengku was most emphatic during his visit to Bangkok when he said "I have refused to allow Singapore into the Federation—we have enough problems of our own."



## ECONOMIC REPORTS FROM MANILA

Philippine government plans to float bonds in the U.S. through private investment houses. The Philippines could raise \$400,000,000 through bonds in the U.S. if there is need for dollar financing of industries on that scale. The Philippines could get more dollar assistance from the U.S. and new productive enterprises could expect more adequate foreign exchange allocations outside of Central Bank reserves. The only problem is how to allocate the dollars available for development projects in accordance with whatever priority system the National Economic Council may establish.

A \$20,000,000 loan to finance low-cost housing projects of the Philippine Home Financing Commission may be forthcoming from a United States bank. It will be the first time that a U.S. bank has advanced such a sizable amount for investment in real estate.

The establishment is planned of an Industrial Development Bank in the Philippines. The proposed bank, which would get most of its financial backing from the World Bank, would promote and plan the investment of foreign capital in Philippine industrial development.

The Japanese government's acceptance in principle of the Philippine proposal for \$800,000,000 in reparations carries these provisos: 1. \$20,000,000 in consumer goods, instead of cash as originally asked by the Philippines. 2. \$30,000,000 in services, including ship salvage. 3. \$500,000,000 in capital goods, including heavy equipment and complete factories. 4. \$250,000,000 in long-term loans by Japanese private banks.

Sec. of State Dulles assured Pres. Magsaysay of continued American aid for the economic security of the Philippines. He assured the President of a faster flow of aid funds through ICA.

The Philippines will be the site of a \$20,000,000 U.S. Nuclear Center for Asia. In preparation for building of the center teams of American scientists, about half of them from the Brookhaven nuclear research laboratory on Long Island, will tour Asia in April to determine the interests and needs of the Asian governments and scientists. They will also size up the contributions in trained personnel, materials and educational facilities that the various nations can make. Their findings will govern the design and construction of the center. At present no details of the project have been decided upon except for the fact that an atomic reactor will be a key part of it.

Reasons for the recent displays of anti-American feeling by some members of the Philippine Congress were advanced by Rep. Pedro Lopez. It all started when American vested interests launched an all-out campaign to dump and ram their huge excess Virginia leaf tobacco into Filipino throats. Instead of understanding and sympathizing with the Philippine predicament, the tobacco lobbyists accelerated their campaign of retaliation against all Philippine interests before the U.S. Congress. The first target of their attack was Philippine sugar. Lopez also cited the adverse effect in the Philippines of the U.S. Congressional proposal to exclude Filipino workers on Guam from coverage under the minimum wage law.

Possibilities for expansion of the radio, television and electronics industries were outlined last week by Guillermo Canon, secretary of the Radio Control Board. Before the war there were 300 government and privately-owned radio transmitters in the country but this number increased to 2820 as of Jan. 31. At the end of last year there were 163,367 registered radio receivers and 1692 registered TV sets in the country, plus an estimated 100,000 more unregistered sets. More than 3,000,000 more radio receivers were needed to provide each family in the country with at least one set.

Atlas Consolidated Mining and Development Co. made a net profit of \$3,280,124 in the period from April to December, 1955, company president Col. Andres Soriano revealed in his annual report. Estimates of ore reserves at the Toledo mine have risen to 68,250,000 tons, with an average copper content of 1.01%. A year ago reserves were estimated at 37,646,300 tons with a copper content of 1.02%. Col. Soriano reported that the company is expecting machinery before mid-year to equip a plant for manufacturing acid and fertilizer from the mine's by-product pyrites, which are now being recovered at the rate of 350 metric tons a day.

The Agriculture Department will study adopting the photogrammetric method of land surveying, geological and topographical mapping, and taking inventory of the country's natural resources. The aerial survey system has been extensively used in Germany and Switzerland. Only about 1/5 of the area of the Philippines has been surveyed under the cadastral system, and this took the Bureau of Lands 40 years and cost P60,000,000. The Bureau estimates that with the photogrammetric system the other 4/5 could be surveyed in 10 years at a cost of only P80,000,000.

Pres. Magsaysay asked the National Economic Council to give special consideration to development of a paper industry using abaca, rice and coconut by-products as raw materials.

Pres. Magsaysay shelved a proposal that Philippine Air Line begin preparations to resume its international flights. Instead he favors further improvements in the domestic service of the air line, in which the government holds the controlling interest. The Chief Executive ordered the Secretary of Public Works to concentrate on building new airports and improving existing ones. Air line officials said that, following the improvement of airport facilities, they would introduce new four-engine Vickers Viscount turboprop transports on domestic trunk lines.

The consolidated earnings of San Miguel Brewery for 1955 totalled P13,558,431, an increase of P450,173 over the previous year. The figure includes all domestic, but not the foreign subsidiaries. Consolidated net sales of all domestic subsidiaries amounted to P110,463,339, as against P110,031,181 in 1954. Taxes paid to the government in 1955 came to P17,341,326, in comparison with P18,708,665 the previous year. Tax exemption benefits in the company's new industries departments were passed on to the consumers. Expenditures for advertising and sales promotion during the year amounted to P2,811,729, representing 2.5% of sales. San Miguel Beer earned \$1,866,586 in dollar sales during the year. The sale of this product abroad will be intensified by the company.

Samar Mining Company's mines at Masara, Mindanao, which began production last October, are installing new machinery to expand daily production of copper, gold, lead and zinc. Samar also owns nickel properties containing high grade ore on nearby Homonhon Island and nickel is also found in the company's iron ore properties on Samar Island.

Baguio Gold Mining Co. reports that during February it milled 11,607 tons of ore for a recovery of 2,419.14 ounces of gold and a production value of P263,498.

Cebu Portland Cement Co. in February sold the government 86,592 bags of cement for P287,413 in cash and an additional 36,402 bags on credit for P120,741. Cash sales to private parties come to 151,029 bags for P512,976. Agencies bought 36,000 bags for P11,880 in cash and 42,000 bags on credit for P138,620. Cash sales to the government represented an increase of 12,000 bags over the previous

## THE CURRENCY OF SARAWAK

The money of Sarawak has always been close to that of Singapore, as is only natural for a State whose economic relations with the outside world are conducted mainly through that great British entrepot. In the days of silver, Sarawak, the Straits Settlements, Hongkong—in fact, the whole China coast—used the ubiquitous Dollar Mex (or Mexican Dollar) as a standard coin and as a unit of account. With Britain on gold, the rate of exchange between the dollar and the pound sterling changed with every change in the price of silver. After 1870 the price fell in terms of gold, and many of the British employed by the Sarawak government found that the sterling value of their salaries and, more important, of their pensions was falling with the price of silver. Some of the contracts made with the Rajah fortunately specified payment of pensions in sterling, but others did not. In 1885 the Rajah instructed his Treasurer that pensions were to be paid in dollars, but so great was the hardship that this would have entailed—it would have at least halved the sterling value of the pension—that the order was rescinded and each case was dealt with individually.

The Straits Settlements were having the same difficulty, and their solution was to go off silver. The method in which this was achieved was to set a pattern for similar currency reforms. A special Straits Dollar coin was issued and made sole legal tender. By restricting the issue, the value of the new dollar was divorced from that of silver and, by agreeing to issue the Straits Dollar for a fixed amount of gold, the Straits Settlements established a gold standard. Actually, the growing popularity of paper money somewhat complicated the Straits currency reform, but in 1906 the value of the Straits dollar was fixed at 2/4, with the currency note reserves being held in England in the form of sterling securities and cash. It was, in practice, a form of gold-exchange standard.

The first currency notes of the Sarawak Government were issued by the Treasury in September 1880, when 600 five-dollar and 200 ten dollar notes were put into circulation. But until 1928 this local issue was quite limited, the total circulation in that year amounting to but \$153,159 against which a 100% cash reserve was held in Kuching. In all other respects, the Raj followed the lead of the Straits Settlements, and, with them declared the Straits dollar to be the sole legal tender. Japan silver yen, the American Trade Dollar, the Hongkong dollar, the Dollar Mex, and the British dollar were coins which at one time circulated as legal tender in the Raj, but with the 1904 currency reform, legal tender was confined to Sarawak and Straits Settlements currency notes, and the Straits Dollar coin. The Straits Settlements Notes ceased to be legal tender on 1st July, 1930, and the Straits Dollar coin on 31st October, 1939.

Currency notes represent an interest-free loan on the part of the holder to the government of issue. The government, or issuing agency, may invest the funds so lent and earn interest on them. This is precisely what the Straits Government was doing—at Sarawak's expense, since a large proportion of the Straits notes were held in the Raj. The Malay States were in a similar situation, but by 1932 the Imperial Government had agreed in principle to allow their participation in the note-issue and its profits. Sar-

*(The above is an article on the Currency of Sarawak written by Mr. Frank H. H. King, lecturer in the University of Hongkong, who visited Kuching under a C.D.W. to study Malayan Currency and the history of Sarawak Currency. The report was published in Sarawak.)*

month; and cash sales to the public, an increase of 24,000 bags.

The government's Manila Railroad Co. holds ownership of 17,632 shares of stock of the Manila Hotel Co. This represents roughly 98% of the 18,000 shares outstanding. The MRR and the Manila Hotel Co. have been buying up shares in the hands of private individuals at P200 per share. Par value of the hotel shares before the war was P100.

wak's solution was to increase the issue of its own notes and to declare them sole legal tender. This change was announced in 1929, and in that year the Sarawak note issue reached a total value of \$1,352,156; in 1931, \$2,017,840. A currency fund was established, and Sarawak had a currency of her own, tied to sterling at the rate of \$1 to 2/4d, i.e., at par with the Straits Dollar.

During the war the Japanese issued their worthless 'banana' currency, which was not, of course, honoured by the British Military Authority when they took over after the defeat of Japanese forces in Borneo.

Post-war history of Sarawak money is affected by the change in the political status of the territory. Sarawak became a Crown Colony, and there was then no reason why it should not participate with Singapore and the Malayan Federation in their currency fund. While this was agreed in principle as early as 1947, the final Currency Agreement was not signed until 1951 and was only made effective in Sarawak on January 1st, 1952. Sarawak currency remained temporarily legal tender, but by Proclamation issued under the terms of the Agreement, the Malayan dollar became the sole unit of account and the dollar notes issued by the Commissioners of the Currency, Malaya, became the sole legal tender in the Colony of Sarawak on January 1st, 1953. The Commissioners' notes are exchangeable for sterling on demand in quantities of \$100,000 or more at a rate of 2/4d to \$1 less 1/8d commission on each dollar sold.

In 1946 the total issue of Sarawak currency notes was \$9,198,382.40, but no new issue of these notes was made by the British Military Administration, by the Government of the Raj, or by the Government of the Colony. In fact, after the principle of a British Borneo-Malayan currency had been agreed upon, the Sarawak Government began to actively withdraw its notes and to issue Malayan notes as agents for the Board of Commissioners of the Currency in Singapore. The Sarawak Government had to sell its currency fund investments to pay the Malayan Currency Commissioners for their currency notes and this entailed certain conversion losses. In 1952 the Sarawak Currency Fund became insolvent, partly because of conversion losses and partly because of a transfer of assets from the fund to the general revenue of the Colony. This insolvency is not important, since there are sufficient assets to redeem the small proportion of outstanding notes which have neither been lost nor destroyed. And, in any case, the general revenue of the Colony still stands behind the currency of the Rajah.

Today Sarawak uses the Malayan dollar and is a member of the Malayan Currency Area. It is this Board which determines the distribution of the profits earned from the currency issue. Sarawak's share is now 4.89% and at the end of 1953 the Colony received a payment of \$761,711.25 from the Currency Surplus Fund. This payment represents the Colony's 1952 share, and the balance of undisturbed profits for 1951 which were withheld until the final share proportions were decided upon plus accrued interest calculated up to 30th June, 1953.

The currency in use in Sarawak is today backed 100% by sterling and sterling investments, the latter, of course, earning interest. This system has been criticized on the grounds that 100% of the currency can never be surrendered to the Currency Board for sterling and, therefore, the 100% reserve is unnecessary. The funds now in reserve could be used to finance development imports. The arguments for and against this point of view are too complicated to be discussed here, but it is certain that development in Sarawak has not been held up as yet by failure to use the sterling assets of the currency fund. In any case, the Commissioners of the Currency have just invested in long and medium term securities and since this meant selling short-term investments at some loss, it is unlikely that they will change the basis of the currency reserve system in the near future.

The most important characteristic of Sarawak's money is that it is tied to sterling, thus facilitating the transfer of funds. And this in an undeveloped area is essential.

# HONGKONG'S TRADE AND INDUSTRY IN 1955

## REPORT BY THE HONGKONG GENERAL CHAMBER OF COMMERCE

The pattern of trade, in terms of monthly total trade figures, has been not unlike that of 1954 although it is noted with considerable pleasure that the curve which has mostly been upward, particularly in the second half-year, has been at a substantially higher level than that of the earlier year. Once again the trade with Mainland China has been the greatest source of concern and with exports to that market down to just over \$181.5 millions in value, or 7 per cent of the Colony's total exports, it must have been proportionately the lowest year on record. The effect, therefore, of the continued Controls on Trade with that country is now being felt in full. Once again the situation has been largely saved by the remarkable success achieved by Hongkong manufactured goods in World Markets. These successes reflect the improvements which have been steadily made in the Colony's products and which now make it a substantial force in World Markets for the manufacturers of the various light industries.

### CHINA TRADE

The Chamber assisted in the arrangements for the visit to Peking, during March/April 1955, of the second Party of British and Hongkong businessmen under the sponsorship of the Sino-British Trade Committee. The Party consisted of 15 businessmen representing 13 Firms, of whom 5 came from the United Kingdom. The leader of the Party was Mr. S. A. Lane of The Brush Group Ltd. and, accompanying them as Secretary, was Mr. B. Foster Hall, formerly of the Chinese Maritime Customs, and lately in business in Hongkong. Mr. Foster Hall was assisted by Mr. R. T. Macnab of the Chamber's Staff, and by Mr. H. Simon of the School of Oriental Languages in London, who accompanied the party as interpreter. The summarised report submitted to the Sino-British Trade Committee is printed below:

This second visit consolidated the progress made on the first visit in November 1954. The Party was again received with every courtesy and the negotiations, whether on matters of principle or on individual contracts, took place in an atmosphere of general goodwill. As in the case of the November visit, no attempt was made to keep a record of the volume of business done, but most members of the Party agreed that the visit was well worthwhile, not only in respect of business actually concluded but also on account of the useful contacts made. On this occasion exporters were also able, for the first time, to discuss their products with Chinese technicians and helpful talks took place on potential development projects for the future. As a sequel to the negotiations on matters of principle instituted in November 1954, further discussions were held between a small Sub-Committee (representing the Sino-British Trade Committee) and senior officials of the C.N.I.E.C. The following is a summary of the position with regard to the main points raised.

**CONTRACT TERMS:** The C.N.I.E.C. would not go so far as to agree that the original "Peking" Contract used by members of the November 1954 Party could be regarded as a standard document. It was evident, however, that this Contract would remain a reliable guide to the sort of terms and conditions which the C.N.I.E.C. could be expected to grant when dealing with reputable British Firms, although

the C.N.I.E.C. made it clear that they must continue to reserve the right to negotiate the terms of individual contracts according to the circumstances of each case. It is interesting to note that, on this basis, individual members of the Party were able to obtain the agreement of the C.N.I.E.C. to various minor improvements in the wording of the original "Peking" Contract. All exporter members of the Party who concluded contracts were once again able to do so on Confirmed Irrevocable Letter of Credit terms; and a further concession was granted to buyers of Chinese produce in that the former clause in Chinese export contracts requiring payment to be made against telegraphic advice of shipment of the goods, was altered to provide for payment against presentation of original shipping documents airmailled to the buyer directly after loading of the goods on board ship. It is understood that this latter concession will in future be implemented by most, if not all, of the Chinese Export Trading Corporations.

**PRIVATE TRADERS:** In view of the many enquiries received for information about the future position of private traders in China, the C.N.I.E.C. were asked whether there had been any change of policy since the November 1954 visit. The reply was given that, as China aimed at achieving a totally Socialist State, it would be the intention to absorb all private traders but that it was not yet possible to say when this would be brought about. In the meantime, as indicated in November, private merchants would continue to operate partly on their own account, and partly for Government organisations. The C.N.I.E.C. could not give any assurance about the standing of individual private traders, but they stated that businessmen interested in obtaining status reports on such traders could obtain these from the Banks in the usual way (not necessarily only through the Bank of China), and also from the All China Federation of Commerce and Industry and the individual Trade Associations in the various Chinese ports.

**INTERCHANGE OF TECHNICIANS:** The question was raised of arranging for the despatch of technical exports to China to supervise the erection of machinery and plant supplied from the U.K., together with a scheme for Chinese technicians to visit the U.K. for the purpose of study and of furthering their technical knowledge and experience. It was, of course, made clear that any such scheme of interchange would be subject to the granting of individual visas by the competent authorities in each country. The C.N.I.E.C. replied that, in principle, they would welcome such an arrangement in due course. They felt, however, that the time was not yet ripe in view of the present limitations on the export to China of capital equipment from the U.K. It was accordingly agreed that this matter be left over for further discussion on a future occasion.

**TRADE MARKS & PATENTS:** It was pointed out to the C.N.I.E.C. that the present Chinese regulations preclude the registration of British Trade Marks, Patents and Designs in China, whereas Chinese nations are entitled to protection for their Marks in the U.K. on exactly the same terms as British nationals. The hope was therefore expressed that China would see her way to accord equal treatment. The C.N.I.E.C. said that this matter was outside their pro-

vince. They agreed to refer it to the appropriate Chinese Authority, however, and subsequently gave the official reply that this question could only be dealt with by two Governments and should be part of a Trade Agreement.

**ADVERTISING IN CHINA:** In view of the interest expressed by many British Firms in the possibility of advertising their products in China, the C.N.I.E.C. were asked whether this was permitted and, if so, what facilities were available. They were also asked whether arrangements could be made for the circulation of a British commercial and industrial journal published in Chinese should such a project be put forward. The C.N.I.E.C., after referring the matter to the competent Authority, replied that Firms wishing to advertise their products in China should get into touch with the various papers and magazines in which advertisements were accepted. A list of the principal industrial, commercial, technical and cultural papers and magazines was handed over. The C.N.I.E.C. added that billpost advertisements were also permitted, subject to approval of the design etc., and interested Firms should apply direct to the Bureau of Administration of Industry and Commerce, Peking. In regard to the suggestion about the circulation of a British technical journal printed in Chinese, the C.N.I.E.C. said that there would be no objection but that the detailed arrangements would have to be agreed between the publishers, the interested official Chinese Departments, and the International Bookstore, Peking. Further consideration is, therefore, being given to this question in the U.K. and, if it is found practicable to go ahead with a project of this kind, interested Firms will be kept informed.

**FUTURE VISITS:** It was agreed in principle that group visits in both directions should continue in the future, it being clear that, for the present, the C.N.I.E.C. preferred this method of doing business. The visits would be arranged by invitation and it was hoped that their frequency would increase with an advancement in trade. The C.N.I.E.C. were not, however, able to fix a definite date for the reception of the next Sino-British Trade Committee party, owing to the heavy commitments which the Chinese have already undertaken over the next few months for the reception of business parties and trade delegations from other parts of the world. The matter was left that the Sino-British Trade Committee would maintain contact with the C.N.I.E.C. regarding the date of the next visit.

#### HONGKONG EXPORTERS' ASSOCIATION

The formation of the Hongkong Exporters' Association was mentioned by last year's Chairman in his address at the Annual General Meeting, in which he commended the new body to Members' attention. The need for some Association to be able to devote its whole attention to the promotion and protection of the Colony's export trade had become increasingly apparent during recent years, and the General Committee of the Chamber gave much consideration to the question. The decision was reached that, whilst at first sight it might have appeared that the functions of such an Association could properly be carried out by the Chamber, there were strong arguments in favour of forming a separate organisation. Prominent among these arguments was the fact that, with the Chamber's membership embodying, as it does, Importers, Banks, Shipping Companies, Professional Firms, Public Utility Undertakings and Manufacturers, as well as Exporters, it would not be possible for the Staff to devote more than a portion of its time, or the Chamber to devote more than a proportion of its Funds, to furthering the interests of one particular section of the commercial community. Moreover, the Association can recruit its

members from a wider field than the Chamber, e.g. the Chinese Chamber and the Chinese Manufacturers' Union. The decision to form a separate Association, if one was to be formed at all, having been taken, Mr. H. Owen Hughes, O.B.E., a Member of the General Committee, undertook the preliminary investigation work and had, during the preparatory stages, the help of Mr. D. W. Leach of the Chamber's Staff. The Association was launched at the end of March.

#### CIVIL AVIATION

During 1955 the first contracts for the construction of the new civil Airport at Kai Tak were put out to tender and Societe Francaise d'Enterprises de Dragages et de Travaux Publics and Gammon (Malaya) Ltd. were the principal successful contractors. Work had started at the end of the year on the necessary dredging. Plans for the extension of air services using the Colony were started to be drawn up in the hope that from 1958 there will be provision for services to operate throughout the 24 hours, and the Airport will be able to handle virtually all types of modern aircraft, including the Boeing 307, the Bristol Britannia and the Comet IV. Research continues into the question of the most suitable additional navigational aids to be installed and details of the improvements, which have been accepted in principle, will be available in the near future. Plans have been finalised for modern lighting, radio equipment etc. for the new Airport and those for a new terminal building to meet the Colony's requirements are under discussion.

1955 showed yet another increase in the amount of traffic using the Port, and the statistics show that there has been a further increase of approximately 20 per cent in the numbers of aircraft, passengers and mail, whilst the amount of freight handled went up by a similar proportion.

The Hongkong Aircraft Engineering Co. Ltd. has continued to provide line maintenance service on all types of aircraft in transit through Hongkong, and at the end of the year was undertaking these services on 17 international airlines operating through the Colony. An indication of the facilities which are now offered in aircraft maintenance and repair can be obtained from the type of work undertaken during the year. The following jobs were of special interest: (1) The conversion and plushing of a DC-3 aircraft for the use of H.M. The King of Cambodia. (2) An extensive overhaul, including the rebuilding of the wing structure of a fleet of four Bristol freighters for Air Vietnam. This was an undertaking of world interest as Hongkong is the only place, other than the Bristol Aircraft Factory, which is toolled for carrying out a job of this nature. (3) The Company carried out a very large engine overhaul programme for the French Naval Air Service. (4) The Company secured the contract from Tasman Empire Airways for extensive wing modifications to be made to this Line's fleet of three Douglas DC-6 aircraft. (5) A virtually complete re-building is being undertaken of a DC-3 aircraft owned by the Government of Burma. This contract is of particular interest as the aircraft had been very seriously damaged by a land mine and Hongkong technicians flew to Burma and made temporary repairs to it, with special equipment, sufficient to enable it to fly to Hongkong for workshop's attention.

#### INSURANCE

**Marine:** Exports of locally manufactured goods have increased during the year but competition has been very severe. Rates have been reduced in many cases to a level which has made the business unattractive. There were also

indications that export shipments of these goods have become, in an increasing number of cases, liable to additional avoidable damage through faulty packing, and this has further detracted from the attractiveness of the trade. Restrictions on the export of strategic goods to many parts of the Far East still continue, which have their effect on the trade of the Colony.

**Fire:** Values have again shown some reduction but a further increase in the manufacture of goods locally has kept up the volume of business to approximately the same level as last year. The Colony has been free of serious fires but squatter fires, although not so extensive, have been numerous. Competition has increased and there are now 107 Companies transacting this insurance in the Colony. The large scale building programme of first class buildings is an encouraging feature of the business as is also the efficiency of the Fire Brigade.

**Motor:** Reductions in Third Party and Act Only rates of 25% were made during the year but 'own damage' claims have increased considerably, due largely to the increase in the number of learner drivers and to parking claims in the congested streets. Fatal accidents also increased during the latter part of the year.

**Workmen's Compensation:** The volume of business has not been so large as had been expected but the results of most of the industries have been satisfactory with one or two notable exceptions. "Teething" troubles, always to be expected with a newly introduced Tariff, have been ironed out to a large extent during the year.

**Life:** Life Insurance Cover has been sought on an increasing scale and there has been a substantial increase in premium income from this source. Income Endowment Policies have shown themselves to be very attractive to a large number of the local population and there are indications that a good number of Hongkong Firms are following the world tendency to cover Pension Schemes by the taking out of guaranteed Income Endowment Policies in respect of their employees.

### THE PORT

**Harbour and Approaches:** Hongkong's Harbour and the facilities which it offers have maintained their reputation and their position as the Colony's greatest advertisement. Work has been pressed on with the reclamation at Kun Tong where a new industrial area is to be established and at Hung Hom near the tip of the Kowloon Peninsula. The new Public Pier at Tsim Sha Tsui was completed and brought into use and work was started on the construction of the new piers for the Star Ferry Company Ltd., both at Tsim Sha Tsui and on the new Central Reclamation on Hongkong Island, and it is hoped that they will be in operation early in 1957. This Company carried a total of just over 35 million passengers across the Harbour during the year. Other Cross-Harbour Services were well maintained by the Hongkong and Yaumati Ferry Co. Ltd. which increased the services it offers to the outlying islands.

Continuation of the Controls on Trade with China have meant that the Colony's wharf and godown facilities have not been fully extended. They have, however, maintained their traditional efficiency and Hongkong retained its position as the world's fastest turn-round port for shipping of all nationalities, it is also pleasant to be able to report yet another year which has been remarkably free from wharf labour troubles.

**Ocean Shipping:** Ocean Shipping Lines operating from Hongkong enjoyed a good year of strongly increasing activity in almost all trades. Export increases were entirely in goods of local origin. Business in cargoes from Mainland ports remained at about the same low level as in 1954. The export of goods of local origin to Europe and the Middle East increased by about 20 per cent in 1955. The main increases were in cotton goods and yarn (88%) and rubber shoes (25%). In general, shipping space was sufficient to cover exporters' needs, except for periodic shortages, to East Africa in particular. Freight rates remained steady. The quantity of China produce, mainly from South China, shipped from Hongkong was about the same as in 1954. The bulk of Mainland trade with Europe, which increased sharply in 1955, was carried by vessels loading directly at Mainland ports. Hongkong cargo for East and South Africa increased by about 10 per cent. O.S.K. opened a new service to East Africa and the East Coast of South America in 1955. Cargo for South America remained about the same, due to currency and import difficulties.

Exports to Australia were maintained at a high level with some increases, although Australasian import restrictions are likely to have a marked effect later. Imports from Australia were steady with the exception of flour, which fell away with the opening of the Hongkong Flour Mills. There will, of course, be a compensation in the import of bulk wheat, some of which is coming from the U.S.A. Exports to the Pacific Coast of North America increased by about 25 per cent over 1954, with rattan furniture making the biggest increase. Rattan furniture continued to enjoy a very low freight rate which, no doubt, considerably assisted trade. An interesting development was the export of sawn timber, mainly to the Pacific North West. Logs are mostly imported from North Borneo and then sawn in Hongkong for export. Some relaxation of U.S.A. import restrictions against Hongkong cargo greatly assisted the export of sundry goods. The export of teakwood furniture and chests showed a marked increase. Exports to the Atlantic Coast of North America also increased by about 25 per cent, with bamboo and rattanware in the lead. Here again the relaxation of import restrictions played a large part in the increases. Cargo for Central America, the Caribbean area and the West Coast of South America showed the biggest increase, being about 30 per cent over 1954. This cargo is mainly transhipped in the Panama Canal Zone.

Tonnages of cargo stored in Hongkong godowns improved slightly during the year, but godown space was at all times easy. The demand for hazardous and extra hazardous cargo storage space fluctuated considerably, but was maintained at a fairly high level. A large proportion of cargo was again delivered overside into consignee's lighters to reduce landing and storage costs. Imports were maintained at a high level with some increases in which constructional material for the many large building projects played a major part. The efficiency and cheapness of the port of Hongkong has been well maintained. There are a minimum of unnecessary regulations, although the Dangerous Cargo Regulations are thought, in some quarters, to be unnecessarily severe for some categories of cargo, being more restrictive than others in the Far East.

**Short Sea Trades:** The shortage of tonnage for local chartering which was beginning to manifest itself towards the end of 1954 continued in 1955. There was an increased, and sustained, demand for small and medium-sized vessels of 2,000/4,000 tons deadweight. A 4,000 ton coaster which was chartered in the Autumn of 1954 for \$80,000 was rechartered in April 1955 for over \$100,000. Fixtures during

the summer months were only slightly higher than in the Spring, but there was still a shortage of suitable tonnage for immediate delivery. Charterers, who were looking for vessels for 3 to 9 months, were unprepared to improve their bids on account of the depressed level of freights, and for the remainder of the year charter rates kept steady.

In the cargo section of the charter market rates followed a similar pattern until the summer, when they fell off. Rates for Bangkok rice improved from \$28 to \$32, and for a time to \$35 per ton, but were down again to \$26/\$28 in July. Superphosphates Japan/Whampoa were fixed at 45/- f.i.o. in January/February and 50/- in April. Borneo firewood fetched \$35 early in the year, but later fell to \$26/\$25. Japan coal was fixed at \$18 in the early Spring, but later dropped to \$15.

The local liner owner had another difficult year, with too many ships chasing too little cargo. There was a slight increase in the volume of cargo carried, but it is doubtful whether operators were able to benefit from this as competition made it impossible to effect any realistic revision in rates.

In the Straits trade the Conference drastically reduced its rates in April in order to counter non-Conference opposition. This action did have some result, though it was not entirely satisfactory. Rates were restored in October.

In the Bangkok trade, non-Conference vessels with close connections in the Bangkok rice business have had a firm hold on the Bangkok/Hongkong leg, and have consistently been able to underquote liner operators for the small amount of cargo offering from Hongkong.

There was a substantial movement of cargo to Haiphong early in the year, and later to Saigon and Pnom Penh. Return cargoes have, however, been negligible.

A fair volume of cargo has moved to Pusan, chiefly paper, fertilizer, cotton yarn and flour. There is no cargo from Pusan, and non-liner vessels look to Japan for coal or cement for their return voyages. An attempt to increase and stabilize Hongkong/Pusan rates was made in June, but subsequent rate-cutting has probably left the position little changed.

To Japan the rates for beans and scrap have continued to be "open". These cargoes have constituted little more than ballast to the owner. Scrap has fetched \$16/\$18 per ton and beans \$20/\$24. Competition for the only other cargoes which move in any quantity (maize, peas, rosin, seeds and talc) has been so keen that the Conference has found it necessary to reduce rates in an effort to impress on carriers the need for avoiding unofficial rebating.

There has been little or no cargo from Hongkong to China, apart from odd transhipment parcels, largely because an increasing number of ocean vessels have been calling direct. The volume of cargo out of China has continued to increase. Much of it, so far as local trades are concerned, has consisted of manufactured goods for Indonesia, whence there has been a corresponding increase in the volume of cargo for China (chiefly sugar, copra, fibre, coconut oil and pepper). There has been a moderately steady volume of cargo moving China/Straits and vice versa.

**Dockyards:** During the year there was much ship building activity in the Colony. The Hongkong & Whampoa Dock Co. Ltd. completed two passenger ferries and had under construction a scheduled service vessel for the Solomon

Islands. The Taikoo Dockyard & Engineering Co. of Hongkong Ltd., completed two 6,800 D.W. cargo motor vessels with Taikoo Doxford engines and two 250 ton bunkering lighters and had under construction two further 6,800 D.W. vessels and their main propelling machinery and a small coaster for Malaya.

The Cheoy Lee Shipyard completed a large number of specialized small craft for Korea, Brunei and Sarawak and finished the year with a full order book.

The Hongkong Transportation Co. secured a useful order of 30 barges for operation on inland waters in Burma.

In addition to this, the allocation of a contract for the construction of a new runway at Kai Tak to the Societe Francaise d'Entreprises de Dragages et de Travaux Publics resulted in the placing of orders for 6 tugs and one pontoon with The Hongkong & Whampoa Dock Co. Ltd., 3 tugs and 6 hopper barges with The Taikoo Dockyard & Engineering Co. Ltd. and for 4 hopper barges with The Hongkong Transportation Co. All these crafts were either completed or nearing completion by the end of the year despite the fact that orders were only placed in September.

Work on ship repairs during the year was not as extensive as in previous years and there was a particularly slack period during the summer. Nevertheless, Kowloon and Taikoo between them worked on the following ships: Vessels repaired at their Works—520 vessels; Vessels repaired in the Harbour—996 vessels; Vessels docked—421 vessels.

Work of outstanding interest at Kowloon included the conversion of an oil tanker into an ore carrier and the lengthening of another tanker. At Taikoo, diesel engines were removed from an oil tanker and installed in the heavy-lift vessel "Empire Marshal", whose turbo electrical machinery had been extensively damaged.

## IMPORTS

1955 brought further evidence of the changing nature of the Hongkong market. Dealers in piece goods particularly have had a difficult time and there seems little likelihood that, even if the Controls on Trade with China were relaxed, that country would again become a large scale buyer of imported cloth. Similar considerations apply to most other types of consumer goods. Other types of imports are either subject to control on re-export or, in some cases, are of the type which Mainland China has shown herself increasingly anxious to import direct. So far as the local market is concerned, some importers did a useful trade in the types of goods required for local processing. There were signs, towards the end of the year, that the demand for building materials and engineering supplies, maintained at a healthy level for so long by the Colony's rebuilding and industrial expansion programme, was beginning to slack off.

**Metals:** Imports of ferrous metals during 1955 were higher in every case than in 1954, with the exception of galvanised sheets, in which imports for 1954 were valued at \$6.3 millions as against \$5 millions in 1955. In 1953 imports were valued at \$21.4 millions so it is obvious that trade in this material has been seriously affected in the embargo. The only other items of special interest are increases of \$2 millions for black plates and \$1.5 million for tinplate waste/waste, both of which are used almost entirely by Hongkong manufacturers. Exports of imported bars amounted to \$448,000 in 1954 but rose to \$2.1 millions in 1955.

the majority being shipped to Thailand. There was a large increase in the exports of locally manufactured bars the figure for 1955 being \$8.4 millions against \$1.4 million in 1954. The largest exports were to Thailand followed respectively by New Zealand and British East Africa.

Imports of copper wire were up to \$9 million against \$7 million in 1954 but were still far below the figure of \$2 millions in 1953. Brass sheets rose from \$8.4 millions in 1954 to \$11.4 millions. Imports of brass rods were much the same as the previous year being valued at \$2.1 millions. Imports of all types of aluminium were higher than the previous year, particularly of aluminium plates which were valued at \$6.2 millions as compared with \$2.7 millions in the earlier year. Trade in zinc sheets in 1955 amounted to \$2.3 millions against \$1.4 million in the earlier year whilst that in tin ingots was about equal at \$1½ million. Re-export of non-ferrous metals was as usual very small indeed the majority being used as raw material for local industry.

**Hand Tools:** The ship chandlery market continued on the downward grade, imports in 1955 amounting to \$2.1 millions as compared with \$4.4 millions in 1954 and \$20.3 millions in 1953. The effects of the embargo on this trade are probably more severely felt than in any other traditional Hongkong market.

**Textiles:** It is interesting to record that, despite the very large output of Hongkong Cotton and other Textile Factories, the Colony remained in 1955 a net importer of this category of goods, for which some explanation is found in the very heavy entrepot trade in the cheap quality products of various Far Eastern countries, together with the higher priced luxury articles of the Western World which found a ready retail market with the tourist trade and remained unrecorded in the Colony's Trade Figures.

**Cottons:** In general, although margins were low, 1955 was a better year than its predecessor. Japan retained a firm hold on the piece goods market, although China became an increasingly large supplier of greys, prints, winceyettes and towels, the latter being normally of a better quality than local products and at a slightly more favourable price. Sales of China origin goods were spasmodic and usually on a barter basis for raw materials that China required and prices were generally lower than those quoted by Japan. The United Kingdom supplied high quality poplins, drills and linen and cotton embroidery cloths. So far as yarns are concerned, India was the chief supplier whilst purchases from Japan and China were equalled by those from Pakistan, with the indications being that a further increase in Pakistan's share of the trade is likely in the coming years. Shipments from the United Kingdom were very small and consisted almost exclusively of high-count yarns and sewing threads.

**Synthetic Yarns And Fabrics:** Fairly heavy shipments of rayons were received during the year, 60 per cent coming from Italy. Of the total imports, over 50 per cent were re-exported, mainly to South Korea, with much smaller quantities going to Indonesia, Formosa and Thailand. A large amount of the balance was supplied to local industry. Imports of nylon yarns increased, an interesting development being the trade in crimped yarns, largely supplied by the United States of America, which are used here in the manufacture of stretchable gloves and hosiery. In fabrics, the U.S.A. supplied mainly nylon dress materials for local consumption and for re-export to Korea, whilst West Germany shipped fair quantities of rayon and rayon/cotton dress materials.

**Wool Piece Goods:** The United Kingdom retained its position as the largest supplier of woollens and worsteds and such business as was done during the year showed dealers a fairly good return, for ready stocks were scarce in view of the very small volume of orders placed for good quality cloths in 1954. Business in United Kingdom wool and wool/alpaca dress materials for the tourist and mail order trade continued at a useful level and, during the latter half of the year, there were quite substantial local purchases of these materials by the tailoring trade. The largest re-export market was Korea, buying mainly heavy overcoatings of United Kingdom origin. For local use, cheap Italian serges and coatings were popular and Japan continued to supply the lower end of the worsted trade, having also made some inroads into the medium-quality market formerly dominated by Britain.

**Dyestuffs:** Whilst the 1954 figures both for import and export had reached a peak, 1955 showed a sharp decline with imports going down by 30 per cent and exports by 50 per cent in value. Comparative figures for the past four years are as follows:

Year	Imports	Exports
1952 .....	HK\$41,000,000.00	64,000,000.00
1953 .....	HK\$85,000,000.00	90,000,000.00
1954 .....	HK\$94,000,000.00	105,000,000.00
1955 .....	HK\$51,000,000.00	54,000,000.00

With the exception of Mainland China and Taiwan, Hongkong kept its position as the leading supplier of dyestuffs to surrounding markets. Though there was a strong demand from Mainland China during the first six months this slackened to near stagnation point during the second half of the year. This could be attributed to China's considerable direct purchases at source as well as through various trade missions and to shipments of such goods having bypassed Hongkong. The bulk of the Colony's exports to China consisted of fast dyes and naphthols.

The principal supplying countries were Germany (55%), Switzerland (22%) and the United Kingdom (15%). Competition was extremely keen and most lines suffered again a further decline of price levels. It is of interest to note that supplies from U.S.A., Belgium and Netherlands increased by 40 per cent, 70 per cent and 68 per cent respectively over these countries 1954 import position. Export business in Indigo declined by 60 per cent compared to the already negligible performance of 1954. Mainland China, formerly the biggest consumer of synthetic Indigo seems to have completely switched over to naphthol blue-dyeing which indicates the general trend for increased mechanized production.

**Sulphate of Ammonia:** A sharp decline in this trade compared with 1954 is recorded in the Colony's Trade Statistics for 1955, Import tonnage being reduced from 6,137,839 cwts. to 2,985,992 cwts. As far as the movement of fertiliser through the Colony was concerned, Belgium with 2,457,416 cwts. (82%) was again the chief supplier, followed by West Germany with 391,191 cwts. (13%). China was the main buyer with 2,603,720 cwts. (91%) with South Korea second with 228,067 cwts. (8%). The Trade Statistics for 1955 reveal that during the year China absorbed less than 50 per cent of the amount of synthetic fertilisers imported from Hongkong during the year 1954. In actual fact, China's requirements of fertilisers remained steady, the reason for the large difference in the figures for the two years being due mainly to the increased amount of

fertilisers being carried in chartered tonnage direct to China ports, a trend that is likely to expand. In spite of a continuing world shortage of nitrogenous fertilisers, China has during the year managed to increase her purchases from Germany, Austria and Italy, but these increases consisted of nitrates of calcium and ammonia rather than of Sulphate of Ammonia; the latter remains in short supply. Continental China is making strenuous efforts to increase her domestic production of synthetic fertilisers, but if her planned agricultural output continues to increase it will be some considerable time before the quantity of her imports of various fertilisers will show signs of any appreciable reduction.

**Pharmaceuticals:** The market was dull throughout the year. Import and Export figures were down by almost fifty per cent from 1954. Supply exceeded demand and the absence of any large-scale buying from the Mainland of China led to further reductions of indent prices, particularly in antibiotics. Many medicine dealers who had formerly been prominent exporters to China have had, of necessity, to re-organise and turn to other lines or confine their activities to the retail trade. As a consequence of the reduced export trade competition for the local market has intensified and profit margins have suffered. Trade missions visited Peking at the end of 1954 and during the early part of 1955 and a number of contracts were concluded thus reducing the opportunities for local importers and dealers. It is expected that this policy of buying direct from manufacturers in Europe will continue. China continued to increase her production of pharmaceuticals and many items hitherto imported by her are now offered for export and substantial quantities of Japanese material were shipped to China under their Trade Agreement.

**Electrical Goods:** The year has again been quiet mainly due to the continuation of the United Nations Controls on trade with China. The main object of the controls is to prevent goods of strategic value entering China but this, in effect, means that virtually the complete range of electrical products are barred from that market as, although, electrical products of the domestic consumer type such as lamps, refrigerators, household appliances etc., are not subject to the controls, they are considered luxury articles by the Peking Authorities and little or no trade ensues. On the other hand, goods of a capital nature which might have a ready market in China are not permitted for export thereto, despite the fact that for this category of goods Export Licences etc. are readily available from the United Kingdom to the U.S.S.R. and the various East European countries subject to Russian influence whence it would be possible for them to be re-routed to China. The factor of paramount importance to British and other businessmen in Hongkong and the United Kingdom is that continuation of this situation will result in their products becoming unknown on the Chinese market with all the resultant difficulties of re-introduction, as and when the controls are lifted.

Such business as has been transacted with the Mainland in electrical goods following allocation of the necessary licences has been carried out in accordance with normally accepted commercial practice. Letters of Credit being readily forthcoming and the Chinese buyers adhering rigidly to standard Contract Terms. In Hongkong there has been a slight increase in sales of electrical goods due mainly to the increase in the number of light industries started here. This has, to a small extent, counter-balanced the serious trade recession which immediately followed the application of the United Nations Controls to trade with China.

With the ever growing population and never ceasing housing schemes an active market still exists for all types

of household electrical equipment and competition in the market has been quite keen, particularly between British, Dutch and West German suppliers. On the capital side of the industry the two main Power Companies continue to expand their Stations, and The Hongkong Electric Co. Ltd. recently announced the start of building of a new Power Station, designed to produce 180 megawatts, alongside its existing plant, whilst the China Light and Power Co. Ltd. continued its programme of station and distribution expansion. The main equipment for both the Power Companies originates from the United Kingdom.

## EXPORTS

**China Produce:** Shippers of China Produce have, like their counterparts in the Import Trade, had a not too easy year, although their difficulties have arisen from shortage of supplies on the local market, rather than from the problems of finding buyers. No actual figures are, of course, available for the shipments made direct from China Ports although the trade has been conducted by Hongkong Merchants, but there are grounds for believing that they would be considerable. Prices generally, except in the case of Tea, to which attention is drawn below, have shown a tendency to rise and have not been so adversely affected, as well as the case in the last two years, by re-sales from Eastern European countries.

**Vegetable and Mineral Oils:** There was a further diminution in Hongkong's entrepot trade in Vegetable and Mineral Oils for the year 1955. However, against this, undoubtedly direct trade with China through the media of Hongkong houses showed a not inconsiderable increase. Although China is tending more than ever to negotiate business direct from the Mainland to actual buyer, it would seem that the efforts of Hongkong businessmen to act as intermediaries have not been without success and, in some cases, the buyers at home prefer this method of trading. The position, therefore, should remain more or less the same for 1956 with very little movement either way unless, of course, the trend of trade to South Korea and Japan expands considerably. Trade in these directions undoubtedly increased during 1955 and there is every reason to suppose that interest will continue to increase. In the case of Bulk Oils for U.K. and the Continent, it is, of course, more economical for these to be shipped direct from China and with the ever increasing availability of Bulk Oil tonnage at the various Mainland shipping points, it is only natural that the trend will be towards increasing direct shipments from China.

The main article shipped direct from Hongkong continues to be Wood Oil, with a total figure approximating that of 1954. At the commencement of 1955, the world market for China Wood Oil was in the neighbourhood of £140 C. & F. European Ports. During the first five months a fairly rapid rise in prices was seen and at the end of May the market was firm at around £180 C. & F. During the remainder of the year very little fluctuation took place and the closure saw a price of around £188 C. & F. The market during the last seven months of the year might have gone much higher had it not been for resellers of China Wood Oil by Eastern European countries at prices appreciably lower than asking prices from source.

The brightest feature of the entrepot trade was the revival of shipments of Teased Oil direct from Hongkong to Western Europe. Against practically nothing the previous year, a total of 3,500 tons was shipped and an explanation for this rather unprecedented demand lies in the failure of

the Olive crop in Europe resulting in a consequent shortage of Olive Oil, for which Teaseed Oil in a refined state is suitable as a substitute and/or adulterant. Rapeseed Oil disappeared from the list entirely and a very small quantity of Soya Bean Oil passed through dealers' hands. Linseed Oil showed an improvement with approximately 60 per cent of this commodity going to South Korea. As aforementioned, there was a notable increase in trade with South Korea and Japan. Trade with Australia dwindled considerably due, no doubt, to the trading restrictions imposed by the Australian Government.

Export figures for 1955 for the principal Oils are as follows:

Commodity	Destination	Quantity in Cwts.
Linseed Oil	South Korea	7,666
	Taiwan	2,426
	Indonesia	2,000
	Various	493
		12,585
Soya Bean Oil	Australia	1,857
	Various	194
		1,051
Cottonseed Oil	United States Oceanic	24,098
	Various	35
		24,133
Peanut Oil	Malaya	17,405
	Macao	17,331
	North Borneo	1,728
	Various	687
		37,151
Coconut Oil	Indochina	3,401
	United States Oceanic	866
	South Korea	980
	Various	755
		6,002
Teaseed Oil	W. Germany	37,703
	Netherlands	18,665
	U.K.	12,115
	Various	63
		68,546
Wood Oil	Japan	43,500
	U.K.	17,118
	New Zealand	5,662
	Malaya	2,780
	Various	8,403
		77,463

**Cassia Oil:** During the first few months of 1955 prices were firm with a fair demand. However, overseas markets gradually slackened off and for the latter part of the year the prices eased considerably. The stock position is fairly good. The total value of exports was \$416,000 the principal markets being Japan, Canada and the United Kingdom.

**Aniseed Oil:** The price of this oil held very firm in the early part of the year and, owing to scarcity of stocks, supplies could only be obtained in conjunction with Cassia Oil. For the last six months or so the demand fell off considerably and prices dropped, levelling off at around 16/6d. per lb. c.&f. Europe as against 20/-d. for the first half of the year. Total exports were 3,565 cwts. valued at \$5,499,000, mostly to Japan, France, United Kingdom and other European countries.

**Peppermint Oil:** Up to March 1955 the relatively high price established during the latter half of 1954 was main-

tained but, subsequently, the demand fell off and prices began to drop. At the end of the year the floor price from China had fallen to 31/6d., with practically no interest being shown. Exports totalled 368 cwts. to the value of \$986,000.

**Menthol Crystals:** Here again the trend followed the Peppermint Oil, but to a greater degree. Whereas as high as 56/-d. per lb. c.&f. was paid up to August and September, from then on the demand practically ceased. The chief cause of this was the rapid fall of price in Brazilian Menthol and China, in an effort to keep up with the market, suddenly reduced the floor price from 51/-d. c.&f. to 44/6d. This had little effect, as the demand was not there. The value of exports totalled \$4,999,000 during the year. The United Kingdom, Indonesia and Canada took the major portion.

**Citronella Oil:** Prices were maintained during the first three months of the year, after which the tendency was for an easier market, owing to the expected heavier production during the summer months. However, Taiwan experienced a very severe and prolonged drought during the summer and, as the result, the Citronella Oil grass was severely damaged, with most of the plants being rendered useless. Rains commenced during early autumn, but it was too late to save the crops and, even in November, it was found that the grass had not revived owing to the damage suffered. As a result the production of oil was severely curtailed. This resulted in prices firming up and, with a fairly active demand from Europe and elsewhere, the market price reached a record "high" for the last few years. Although the level has eased slightly since then, it is not anticipated that there will be any marked change for the next month or so. Total exports were 11,322 cwts. to the value of \$10,663,400, the principal markets being France, Japan, West Germany and Holland.

**Oil Seeds and Kernels:** A glance at the Annual Trade Returns clearly indicates that Hongkong's share in this trade was confined, in the main, to entrepot business with Japan and with South East Asia. During 1955 the Peking Government have pressed on with their policy of direct trade and direct shipment. Consequently, although undoubtedly a certain amount of oil seed and kernel business was fixed by Hongkong merchants, the financing and shipment of the business was done direct between the receiving and supplying countries. With the greater part of China's production of oil seeds being sold by barter to Eastern European countries, it has been difficult to ascertain exactly the quantity available or the quality of China shipments. As far as the Hongkong market itself is concerned, supplies of oil seeds and kernels from China were somewhat limited and importers were forced to turn elsewhere for their supplies, notably, to East Africa where considerable quantities of Sudanese Sസameeed and Nyasaland Groundnut Kernels were purchased for local consumption and for re-export to Japan and South Korea. In conclusion, it would seem that with China concentrating on direct trade and with Japan steadily developing the same policy, Hongkong's share in the oil seed and groundnut kernel trade is not likely to improve.

**Tea:** The catastrophic fall in the world price of Black Tea in February 1955 seriously affected the Tea Trade of the Colony this year. Common Indian Tea, which was selling in London Auctions for 6/10d. per lb. in mid-January was quoted at 3/4d. by the end of May, and it failed to recover much above this level during the rest of the year. Those Firms holding stocks of high-priced tea in February have suffered crippling losses. By the end of September it was realised that world production of Black Tea in 1955 would, once again, exceed consumption requirements, and that ample supplies of common Indian Tea would be available at reasonable prices. Consequently, there has been

next to no demand for China and Formosa Teas in quantity as price-reducers from London and the out-markets. At the end of December half the Formosa Black Tea crop or 12,000,000 lbs. still remained unsold, whilst it was estimated that the China Mainland still held over 5,000,000 lbs. of Black Teas. It seems likely that the greater portion of these stocks will have to be carried forward into the new season. Owing to the political disturbances in North Africa there was no demand from Morocco for Green Tea until late on in the season. For this reason Formosa made only a small proportion of her crop into Green Tea, whilst China also cut down her Green Tea production and switched to producing Black Teas in some districts. By the end of the year, however, China had sold the major portion of her Green Tea crop to Casablanca importers, mainly through large barter transactions with both East and West European countries. Once again this year China has restricted the export of her first grade Black Teas to Russia and the satellite countries.

**Hides:** During the greater part of the year markets abroad displayed the same hesitating mood as had been witnessed during 1954 and prices of all descriptions of buffalo hides and cow hides continued to decline, some by as much as 30 per cent. However, towards the end of the year there were signs of growing stability and a consequent willingness of buyers abroad to operate more freely. Imports into and exports from Hongkong consisted mainly of buffalo hides, the chief suppliers being Thailand and Mainland China, with smaller quantities also coming in from Malaya and Indo-China. Total exports from the Colony in 1955 of buffalo hides, cow hides and, in minor quantities, horse and mule hides, amounted to 42,405 cwt.s. valued at \$7,300,000 compared with 43,300 cwt.s. valued at \$9,000,000 during the previous year. The United Kingdom, the Near East, Middle East and Formosa were again the principal buyers as in 1954. Between 1949 and 1953 Mainland China had banned the export of buffalo and cow hides to the West. However, during 1954 the export of buffalo hides via Hongkong, and direct to Europe was once more permitted, and it is pleasing to be able to report that during the last year the export of cow hides has also been permitted, although actual shipments to Western Europe are still far below their former volume. This has been partly due to import restrictions imposed by certain European countries. So far as buffalo hides are concerned, the tendency which had been previously observed for some South-east Asian producing countries, notably Thailand, to export direct to Europe, has continued during 1955 to the obvious detriment of Hongkong. However, with Mainland China being once more available as a supplier of both the main types of hides, there is good reason to hope that Hongkong will be able to maintain its position as a substantial exporter of all the various types of raw hides.

**Raw Silk:** 1955 saw another drastic reduction in the trade in Raw Silks via Hongkong. Exports from the Colony, according to official statistics, amounted during the year to some 2,200 bales, as compared with 3,600 during 1954, and this consisted almost exclusively of Canton Silks. The figure does not, however, give an accurate picture of business actually transacted through Hongkong, as a great many shipments made from Canton via the Colony, against business concluded direct between China and buyers abroad, are also included in the figures. The main buyers of silks shipped from Hongkong were France, taking about 700 bales, India, Egypt and Indonesia taking 300 each, Italy 200 and Japan 150, with smaller quantities going to other Middle East and European countries. Most of the silks exported from Hongkong were Canton Filatures, both White Improved and Natural ungraded. The White Improved qualities, which are graded according to International Silk Testing Practice,

found buyers mainly in Europe and India, while Natural ungraded qualities were in demand, particularly in the Middle East and South-east Asia, as well as in India. Shanghai Steam Filatures enjoyed a very good demand from Europe where they have largely replaced Japanese silks. However, the majority of these salts during the year were made direct from Shanghai to Europe on a direct shipment basis and, consequently, no figures as to the quantities involved can be obtained. Szechuan Raw Silks and Tussah Filatures were unavailable throughout practically the whole year although there would have been a fair demand, especially for the Tussah Silks. About 300 bales of Japanese Silk were imported into Hongkong mainly for use by local factories which are selling silk piece goods to the U.S.A., for which destination Chinese Silks cannot be used.

**Waste Silk:** Contrary to developments in the Raw Silk trade, export of Waste Silks via Hongkong increased quite considerably during 1955, with some 11,000 piculs passing through the Colony. This figure nearly doubles the 1954 figure of 6,000 piculs. However, in this trade also, it is found that a great many shipments passed through the Colony as a result of direct sales from China to buyers abroad, without any benefit to local traders. Shipments from the Interior consisted mainly of Canton Long Waste Silks which were in good demand in Japan as well as, to a lesser degree, in Europe. European buyers generally considered Chinese prices on the high side and consequently bought a great part of their requirements from Japan, as well as from the Balkan countries, Turkey, Persia etc. Shanghai and Szechuan Waste Silks continued unavailable for export although, on the other hand, Tussah Waste Silks were available in fairly large quantities. However, apart from Japan, buyers were not particularly interested in these qualities. The main buyers were Japan, taking about 6,900 piculs, Italy 2,000, Switzerland 1,000, while smaller quantities went to other European destinations.

**Feathers:** During the year the Feather Trade in Hongkong dropped by some 9 per cent, in terms of quantities, as compared to 1954. The value, however, was somewhat larger and altogether some \$21,650,000 worth of feathers and down were exported from the Colony, 15 per cent more than during the previous year. Germany maintained its position as the largest consumer and accounted for some 64 per cent of the total, with the Scandinavian countries absorbing approximately 17 per cent. The remainder was distributed between those other customers who regularly buy from Hongkong. Mainland China being the largest supplier in 1954—approximately 65 per cent of the total feathers reaching the Colony were of Chinese origin—dropped to second position and accounted for only 33 per cent of the total arrivals. Indochina shipped in 1954 some 19 per cent, but were up in 1955 to approximately 37 per cent. Apart from a few periods of comparative idleness the general tendency throughout the year was one of strength and the end of 1955 saw prices at a level some 40 per cent higher than those at the beginning of the year. The future trend of the market will, to a very large extent, depend upon the production in China. The 1954/1955 season saw considerable shortages in comparison with previous years, but it is yet too early to say whether larger supplies will be available in 1956. If the production is not materially increased, chances are that prices will be maintained at their present high levels. At present costs, however, Chinese feathers—and this applies equally to goods processed and shipped from Hongkong—are too expensive for the products in which feathers and down are used, and the uses of the qualities normally shipped from the Colony are consequently curtailed.

(To be Continued)

## HONGKONG NOTES AND REPORTS

### Building Projects

The owner of the building at the corner of Queen's Road Central and D'Aguilar Street will demolish the old structure and erect on its site a 12-storey building at a cost of about \$1.2 million. Rental from proposed new building will be \$763,000 per annum. Firms now occupying the premises include On Lok Yuen Co., New World Cafe and China Trading Co. Construction of new building will take two years. In Happy Valley, another investment company is building a 12-storey apartment block on the site formerly occupied by Star Taxi Company, to be readied for occupation before end of next year. In Causeway Bay area on the site opposite Lee Theatre, work started on a luxurious 17-storey apartment building which will be air-conditioned. Flats will be sold: an A-grade, 5-room flat at \$40,000 in instalments up to 24 months.

Demolition of Jardine Building at Pedder Street commenced by Hongkong Land Investment Company who will erect another skyscraper. Central Development Ltd. will erect a 17-storey building on Hongkong Hotel site which was vacant three years. It will cost \$14 million.

### Government Quarters

Government bought six-storeyed Peak Mansions for "Category B" civil servants. Just off the Peak Tram Station, Peak Mansions contains 25 flats. It was completed by Credit Foncier in 1928 on plans drawn by Palmer and Turner.

### New Peak Tram

Peak Tramways will put a new and bigger tram into service this summer. Designed to allow passengers the fullest view of the landscape, the new car will take 72 passengers, 10 more than the present carriages. The new tram is constructed locally.

### Industrial Reports

More new factories opened up in Kowloon while existing factories introduce new products every month. The Universal Company established a new factory in Tokwawan making torch light bulbs and bulbs for Christmas trees. A new pottery offers now hand-made glazed earthenware figures of fishermen, farmers, pagodas, birds and animals for exports. One knitting factory makes one-size "stretch" garments from elastic nylon yarn, including gloves, underwear. A new export item is beaded evening bags and dress lengths with beaded dragons and oriental designs. The packing industry now sells machine-made cardboard boxes locally and to Indonesia, Thailand, Malaya. One aluminium manufacturer introduced a pressure cooker made from S.W.G. 10 aluminium sheets; 21 c.m. in diameter and a capacity of 8 pints. Handle and knob are made from heat-resisting plastic.

Silk weaving factories held an exhibition of silk products in Tsun Wan. Local silk piece goods can be exported to US if covered by comprehensive certificates of origin. Hongkong will participate in the coming Washington State International Trade Fair, Seattle. Hongkong products on display include silk piece goods, hand-tailored suits, rattan-ware, flashlights, footwear, leather-ware, carved ivory, carved furniture, art embroideries and dolls.

Hongkong is known for its carved ivory. There are 350 skilled carvers here, each having at least ten years experience. It may seem that the ivory factories are over-staffed but certain articles require the skill of six men working six months to complete. The raw material (imported from Africa) has to undergo several processes before being turned into finished products. It is first selected for certain specific objects and then sawed to the proper shape required. After this is done, it is chiselled, carved and polished. Of all carved ivory articles, the ivory sphere is most delicate and expensive. It takes six months to carve a sphere six inches diameter and the cost is about \$5,000. Seldom does anyone have an opportunity to watch an ivory sphere being carved as the technique is treated as "top secret." It contains 27 spheres, one within another. The spheres are separated by a space of 1/16 inch. One peculiar characteristic is that each has 14 holes drilled through it. This may give a clue to the secret of the carving technique used which requires a knowledge of geometry and trigonometry.

### Preventive Service

In February, 40.3 tons of kerosene were seized by Preventive Service as compared with 36 tons in the preceding month. In all, there were 47 separate seizures involving hydrocarbon oils. 16 persons were arrested and \$4,175 in fines were paid into Court. 120 tons of lubricating oil were detained for investigation. Despite Chinese New Year holidays, when even smugglers took a few days off, seizures of tobacco compared favourably with previous months. 1,013 lbs. of Chinese tobacco and 811 lbs. of cigarettes were amassed from 26 seizures which involved the arrest of ten persons and the payment of fines amounting to \$1,775. A Preventive Service party retrieved from the bed of the harbour 126 bottles of whisky and brandy and 78 bottles of Chinese wine. These bottles had been dumped into the harbour from an incoming Macao ferry; smugglers here were to pick up at night.

Only eleven illicit stills were discovered in February and four operators paid \$950 in fines. One still had a capacity of 700 gallons.

One large seizure of gold was made. 240 taels of gold in bars were found on board an aircraft which arrived here from Manila.

### Trade Controls

Imports of edible rice during February totalled 21,716 tons. 11,125 tons (51.2 per cent) were imported from Thailand, 3,836 tons (17.7 per cent) from Pakistan, 3,687 tons (17 per cent) from Burma and 3,068 tons (14.1 per cent) from China. Importers' oftakes during the month totalled 18,998 tons, representing a weekly average of 4,750 tons, but actual consumption was greater than this since stocks held by wholesalers and retailers were depleted owing to Chinese New Year holidays. The price of better grades of whole rice rose during February by 10/- to £1 per ton f.o.b. Bangkok due to shortage of supplies, but the price of broken rice dropped by 10/- to £1.10.0 per ton according to the grade. These changes were reflected on the local market.

Five new British-made saloon cars and one used British saloon car were exported to Canton by road. These vehicles were not concerned with diplomatic missions.

## HONGKONG COMPANY MEETINGS

### HK & YAUMATI FERRY CO., LTD.

The Hongkong & Yaumati Ferry Co., Ltd., held the 28th annual general meeting on April 7, 1956. The Managing Director, Mr. Lau Chan-kwok, who presided, said: The net profit for 1955 was \$5,507,374, approximately the same as 1954. The number of passengers and vehicles carried showed an increase, but the increase in receipts was offset by heavy repairs.

During 1955, 77.25 million passengers were carried, an increase of 2.4 million over that of the previous year. The Jordan Road-Wanchai service again carried one million additional passengers. The vehicular ferries carried 1,172,000 vehicles, 44,500 more than in 1954. Although five of our six vehicular ferries are employed to maintain a maximum schedule during peak hours, considerable delay to vehicles wishing to cross the harbour during rush periods has resulted in long queues, discomfort and expense to the public. This delay would vanish if we had two more piers of a simple type which need neither be expensive nor would they take much time to build. A year has passed since we last mentioned the cross-harbour tunnel. The question has been widely discussed in the Press. We hope that Government will make an early decision.

Last year, mention was made of the new ferry service between Kowloon City and Wanchai; the necessary lifts are now being installed. We hope to commence the service in mid-1956. The Hongkong terminal of this new service will be Tonnchy Road pier, and the existing Jordan Road-Wanchai service will be diverted to the Stewart Road pier now being built at one block to the west of Tonnchy Road pier. The Company obtained a licence during the year to resume the pre-war Hongkong Tsun Wan Tsing I service. The Company will build a temporary pier at its own expense, at Tsun Wan, for use until such time as a permanent Government pier is built.

During the year the outlying districts services were popular. Increased services were run to Cheung Chau, Ping Chau and Silvermine Bay. The Tai O service via Kap Shui Mun, Castle Peak, Tung Chung was also well supported. The Tolo Harbour ferry service inaugurated on March 20, 1955 carried 34,900 passengers between March 20 and December 31 last. The service is not yet paying but, in view of its importance to the various villages, the Company has agreed to extend the experimental period for another year.

During the year 1955, two new vessels, the Man Yan and Man Cheong were completed and put into service; another two vessels, the Man Tat and Man Tien were under construction at the end of our financial year. The former was completed early this year and the latter will be in service by the end of this month. These four vessels are similar to the Man Fung class, each carrying 650 passengers. With these additions, the Company has now a fleet of 44 ferry vessels. Between 1949 and the present date, the Company has built 19 ferry vessels; in 1953 a record was created by the completion and commission of five ferry vessels: in spite of this, additional vessels are required and two double ended vessels of the Man Wah class are now being built and completion is expected this year.

The Company's depot was opened last year. There are now, a well equipped machine shop, godowns, a boiler-maker's shed, a pier and three new slipways. With these facilities, the maintenance of our fleet is greatly improved. A site of 35,200 sq. ft. for staff quarters has now been

secured. One of the terms of the agreement is that the buildings costing at least \$1,000,000 will be erected within two years. Approximately 200 flats will be completed well within the agreed date. The estimated cost of land and buildings is \$1,500,000.

### CHINA MOTOR BUS CO., LTD.

Presenting the Directors' report and statement of accounts, the Hon. Ngan Shing-kwan, Chairman, said: The total net earnings for the year 1955 amounted to \$2,143,840, which, with the undistributed balance of profit brought forward from last year of \$413,455, make a total of \$2,557,295 available for appropriation. The appropriations include the payment of a dividend of 8 per cent and a bonus of \$2 per share, which together account for \$646,306; \$100,000 to the reserve for Bus Depot Buildings; \$400,000 to the reserve for Bus Replacements and \$350,000 to the Staff Quarters Building Reserve. After providing the usual Bonus for Directors and Staff, there remains the sum of \$668,417 to be carried forward to next year.

During the year, the Company's vehicles covered some 7.5 million miles and carried over 61 million passengers, both figures showing an increase over those for the previous year. As new vehicles became available the few remaining petrol-engined chassis were withdrawn from service and all buses are now fitted with diesel engines. The number of monthly tickets issued for both adults and school-children was about 11,000 per month.

The cost of the staff quarters and welfare centre which we are building for our employees at Marble Road, North Point, is now estimated at \$1,550,000. Work is well in hand and the quarters should be ready for occupation within two or three months. The next major project on which we are embarking is the construction of a new garage and administrative block fronting on King's Road. The Company also met the cost of erecting covers for waiting passengers at the Queen Mary Hospital and Shaukiwan termini, but we were less successful in our efforts to provide shelters at bus stops, several difficulties having been encountered. We are prepared to budget for the erection of a number of shelters each year and are hopeful that agreement will soon be reached with the authorities concerned regarding the type of structure best suited for this purpose, having regard to narrow pavements and other factors.

Fifty-six new buses, to the value of about \$4,000,000 are now on order from the United Kingdom. Some of these have recently arrived, whilst others will be shipped during the next few months, but the general delivery position has deteriorated and we were recently offered shipment in eighteen months by our usual supplier. Delivery of two sightseeing coaches is about three months behind schedule. These coaches will be ready for service soon after arrival, as all bodywork and fittings are being manufactured and assembled in the United Kingdom.

### HONGKONG & SHANGHAI HOTELS LTD.

The annual meeting of the Hongkong & Shanghai Hotels, Ltd., was held on March 23, 1956, Mr. Horace Kadoorie, Chairman, presiding. The following is an extract from his statement: The sale of the Hongkong Hotel site was concluded on August 31 when the purchasers paid the balance of \$6,600,000; \$3,300,000 had been paid in June. This in-

creased considerably the liquid resources of the company so that the construction of Peninsula Court can now be undertaken without having recourse to an overdraft. Work on the Peninsula Court, situated adjacent to the Peninsula Hotel, commenced during the year and piling was completed on December 27. Basement and foundation work is proceeding and the first shipment of structural steel has left the United Kingdom. Provided deliveries from U.K. and U.S. keep to schedule the building should be ready for occupation during early 1957. The building consisting of 12 storeys, will operate as an annexe to the hotel and will contain suites of three and two rooms, also single rooms, the larger suites having a kitchenette. It will be air-conditioned throughout by a reversible chilled and warm water system, the first of its kind in the Colony.

The Hongkong & Shanghai Banking Corporation will occupy the ground floor and the major portion of the mezzanine floor. A lease for a period of 20 years has been agreed to in principle. The total cost of the project, including the premium paid for renewal of the Crown Lease, is about \$8.4 million. The area in the Peninsula Hotel, which will be freed as a result of the Bank removal, will be converted into offices to provide much-needed accommodation for airlines.

Last year reference was made to this Company's assets at Repulse Bay. As the result of the survey an approach was made to Government in order to find out their reactions to proposals whereby land areas generally might be developed and put to better use. Government's reply was that whilst considerable thought had been given to the matter it was not possible to give more than a general indication of the major principles. It would appear that building would be somewhat severely restricted so as to preserve the open nature of the properties in this area. It is not proposed to pursue this matter further for the time being.

The Peninsula Hotel had a record year and derived full benefit from having all its bedrooms air-conditioned by a main plant. On the first floor a new restaurant called the "Playpen" was opened in October. This was an immediate success and is rapidly making a name for the excellence of its cuisine. Gaddi's is becoming world-renowned and no visit to the Colony is complete without sampling its attractions. No effort is spared to enhance its reputation as the premier restaurant in the Orient. During the year all front rooms at Repulse Bay were air-conditioned as well as a small grill-room on the ground floor of the West Wing. This is available for private parties all the year round and is increasing in popularity. In addition, a private bus service provides an amenity for guests who wish to reside at Hongkong's most beautiful resort.

The increase in the working profit of \$68,324 shows that the Company has once again more than maintained the results achieved in the past two years. Rents have been maintained, but a reduction must be anticipated next year as no revenue will arise from the Hongkong Hotel site. This also applies to interest as a large portion of the present figure represents interest on the outstanding balance of the sale price. Appropriations included the payment of a dividend of \$1 per share absorbing \$4,178,534 and the transfer of \$5 million to General Reserve leaving a balance of \$236,535 to be carried forward to 1956.

With regard to the Company's property in Shanghai, the position is still obscure. From an advice dated August last it appears to be still in the hands of the Land & House Bureau.

## HK LAND INVESTMENT & AGENCY CO. LTD.

Mr. H. D. M. Barton, Chairman, announced at the annual meeting held on March 26, 1956, that negotiations had been

completed for the purchase by the Company of the property at Nos. 37-40 Connaught Road, Central. This property adjoins David House, the purchase of which was mentioned in the Chairman's Statement (Printed on page 442 in the April 5th issue of this Review—Ed.). The two sites taken together form a rectangular building lot of some 16,000 square feet with frontages on Des Voeux Road, Central, Pottinger Street and Connaught Road, Central. The total cost of the two sites after paying stamp duty, conveyance fees, etc. will amount to a little more than \$5 million, about \$320 per square foot.

## HONGKONG & WHAMPOA DOCK CO., LTD.

The annual meeting of the company was held on April 7, 1956. The directors report a net profit of \$4,085,195 for the past year, and announced the payment of a dividend of \$2 per share and a bonus of \$1.50 per share. The following is an extract from the printed statement of the Chairman, Mr. Lawrence Kadoorie:

Freight and freight rates during the first three months of 1955 were better than the same period of 1954. While there was a renewed falling off in the second quarter, the remainder of the year 1955 proved to be very busy. During the year our Company did work upon some 600 vessels with an aggregate of 2½ million gross tons. A contract to convert a 12,000 ton oil tanker into an ore carrier was carried out in 95 days and we received a second, somewhat similar order from the owners early this year. In the Chairman's Statement last year he referred to a piece of "ships surgery", which was the cutting apart of an oil tanker and inserting a new centre section approximately 30 feet longer than the original: during 1955 we completed a second and similar job for the same Owners. Another matter of interest was the drydocking of the motor tanker "Bergeboss" in January 1955, the largest vessel ever drydocked by our Company, and one of the largest motor vessels afloat: her dimensions are length 646.0 ft. x breadth 86.2 ft. x depth 45.5 ft., which do not represent the absolute maximum capacity of our No. 1 Dock. Shortly before the end of the year the dredger "Haiphong" was brought to us for extensive re-erection and conversion together with installation of a large diesel alternator and extensive associated electrical work. The dredger was re-delivered to her French Owners early this year and will be working in Kowloon Bay in connection with the new Kai Tak Airport extension. We secured an order from the same Owners, The Societe Francaise d'Enterprises de Dragages et de Travaux Publics, for six diesel harbour tugs and a pontoon lighter in connection with the same airport scheme. We also built two new diesel propelled ferries for the "Star" Ferry Company Limited: one of these was delivered in January 1956 and the other in March 1956.

Last year you were informed that negotiations were proceeding for the sale of a portion of the Company's land of about 165,000 sq. ft. in Hung Hom. An Agreement to sell this land was entered into on the 9th December, 1955, and a deposit of \$577,500 was received representing 10% of the purchase price. Completion of the purchase is due to take place later this year. Only minor additions to Plant were made during 1955 so that after allowing for depreciation and sales there is a net decrease in the value of Fixed Assets of \$856,318. As mentioned last year, the Company's principal tug was sold for breaking up during 1955 having been replaced by a larger ocean-going tug chartered from Admiralty. While the book value of the Fixed Assets has decreased the facilities have been maintained in a very high standard of condition.

The trading operations of our Subsidiary Company, The Hongkong Steel Products Co., Ltd., were discontinued during the year. The factory was on the area of land which we have contracted to sell, the plant and machinery has been dismantled and efforts are being made to sell it. The net profit for 1955 amounted to \$4,085,195, which is

an increase of \$1,925,842 over the profits for 1954. The Company's Reserve now stands at \$17,500,000, together with its Insurance Reserve of \$1,000,000.

Competition in the ship-repairing industry is still keen and in our case, with Japan and Western Europe being our greatest competitors. During the year several of our older and valued customers resumed their former practice of carrying out at least a part of their ship-repairing at Hongkong, while other customers brought their ships specially to Hongkong for repairs although they were not trading in our port. Most shipyards throughout the world are very busy with orders for new ships and that there is some considerable time between the placing of orders and obtaining deliveries for ships: this state of affairs usually helps our business as ship-repairers because Owners tend to keep ships in service which might otherwise have become obsolete and broken up.

### VIBRO PILING CO., LTD.

Major S. M. Churn, Chairman, proposing an increase in capital at the annual general meeting, said that in view of the large investment on plant this year, it was desirable to increase the subscribed capital of the Company. It was resolved that the capital bonus of \$121,125 be applied on behalf of the persons who on April 4, 1956, were holders of 161,500 ordinary shares in payment in full for 40,375 ordinary shares of the Company of \$3 each and that such 40,375 Ordinary Shares credited as fully paid up be allotted to such persons, in the proportion of one for every four of the said 161,500 ordinary shares and that the shares so allotted shall be treated for all purposes as an increase of the nominal amount of the capital of the Company held by such Shareholders and not as income, and further that such new shares shall from 1st January, 1956, rank for dividend and in all other respects pari passu with the existing shares of the Company.

The Chairman also stated, "I told you last year that barring the unforeseeable, the conditions then ruling indicated that we would have another year of profitable operations. This expectancy has materialised a net profit of \$351,722.06 after making full provision for all charges, including depreciation, Directors' fees and Corporation Profits Tax. The net additions to Plant shown at \$279,741.82 on the Balance Sheet include one new pile-driving plant of the latest design complete with special tubes, etc., two new hammers and other sundry items. We have established a depot at Ngautaukok at the cost of \$12,337. Work in progress shown at \$302,004.10 have all been since completed and paid for. Appropriations included the payment of a dividend of \$1 per share on 161,500 shares absorbing \$161,500 and a bonus of \$1 per share on 161,500 shares absorbing \$161,500; the transfer of \$121,125 to General Reserve Account and \$30,000 to Contingency Reserve Account; and \$6,387 for the cost of storage yard leaving \$310,234 to be carried forward to 1956.

### CHINA PROVIDENT LOAN & MORTGAGE CO., LTD.

Major S. M. Churn, Chairman, said at the annual general meeting: The year 1955 was the second most profitable year in the Company's history. The tonnage handled increased by 70 per cent but because of the low profit margins it did not bring a proportionate increase in profit. However, we did increase our tonnage as previously stated, and also the net profit by 15½ per cent. During the year we had three new steel lighters built at Taikoo Dockyard and purchased a steel diesel tugboat.

Our subsidiaries have again operated profitably and contributed their quotas to our Profit & Loss account.

While 1955 was not a claim-free year, it was nearly so. Several small unavoidable accidents to cargo cost us a total of \$2,043 in claims. The net profit for 1955 was \$1,513,173, being an increase of \$203,995 or 15.6 per cent over the profit for the previous year. Appropriations included the payment of a dividend of \$1 per share on the increased capital, a bonus to the staff, and a carry-forward to next account of \$1,116,423. On the face of it, to maintain the dividend rate and forgo the bonus may seem a retrograde step, but the bonus share issued last year increased the Issued Capital by 25 per cent and therefore the distribution this year is \$52,000 more than for 1954 and is the largest ever made by the Company.

Storage rates have been well maintained and the turnover was good. This, unfortunately, was not true with the cold storage business where new firms offered serious competition at cut rates, and our profit from this source was considerably reduced. Fortunately this source is but a very small part of our revenue. Our motor truck section maintained its revenue, but this business is also cut-throat and only justified as a feeder service to our clients.

The position of investments in our subsidiaries at \$6,163,693 continues to be very satisfactory. After deducting the fluctuation reserve, per contra, the net book value of our holding of Sandakan shares is \$3.02 per share, and of North Point Wharves shares \$4.56, both of which are well below market values.

### UNION WATERBOAT COMPANY

Addressing shareholders at the annual meeting, the Chairman (Mr. G. M. Goldsack) said: The profit for the year was less than for 1954, due to the severe water restrictions which meant that sales to ships had to be restricted. The profit for the year amounted to HK\$409,896 to which must be added the sum of \$9,842 being the balance carried forward from last year and \$780 over-reserved for taxation in previous years, leaving \$420,519 for following appropriations: to transfer to waterboat replacement and depreciation reserve \$70,000; to transfer to reserve for special repairs \$32,000; to transfer to staff leave and superannuation fund \$6,248; to provision for corporation profits tax 1956/1957 \$40,000; to pay a dividend of \$1.80 per share on 142,860 shares \$257,148; to carry forward to next year \$15,123.

Last year an appropriation of \$40,000 was made to the reserve for special repairs and this sum was entirely spent on the redecking of No. 2 Waterboat. This year it is necessary to set aside \$32,000 for the purpose of redecking the motor launch Diana and for a new pump engine and impeller for No. 5 Waterboat. When the Diana has been re-decked our fleet will be in excellent condition. This is entirely due to the Company's policy during the last few years of spending fairly large sums on special repairs such as redecking, re-planting and on running repairs and renewals. As a consequence of this policy it is anticipated we shall not have to spend nearly as much over the next two or three years.

Following the ordinary meeting, an extraordinary general meeting was held, at which the Chairman's proposal to capitalise reserves was adopted. The resolution read: a special capital bonus of \$500,010 free of corporation profits tax (if any) be applied on behalf of the persons who on March 14, 1956, are holders of the 142,860 shares of the Company of \$7 each and that such 71,430 shares credited as fully paid up be allotted to such persons in the proportion of one such share for every complete two of the said 142,860 shares held by such persons to rank for dividend as from July, 1956 and in all other respects pari passu with the already issued shares and they shall be treated for all purposes as an increase of the issued amount of the capital of the Company held by each such shareholder and not as income.

## A. S. WATSON & CO., LTD.

The 67th ordinary yearly meeting was held on March 27, 1956, Mr. R. A. Wadeson (Chairman) presiding. An extract from the Chairman's speech is printed below: The nett profit for the year is \$639,173. The amount for appropriation is \$851,188. Compared with the year 1953/54, the profit from the working account is lower by \$372,760. The gross profit from our aerated water operations was down by \$459,820 while that from the pharmacy & drugs registered an increase of \$100,079 and the wine department of \$85,054. Expenses however were up by \$98,073. The liquid carbon dioxide plant was moved from Kowloon to our North Point Factory where sea water is readily available.

Almost half the drop in the gross profit from the production and sales of our aerated waters is attributable to what almost amounts to a cessation in our export business. The intense competition in the local market has and must continue to affect the profits of the local aerated water industry, consequently our margins of gross profit derived from local sales were lower in spite of these sales having increased in quantity in comparison with the previous year. The loss of our export trade in aerated waters is due principally to a system of licences and controls in those territories comprising our main markets which is something be-

yond our control. We have, however, entered into an agreement with a group in Burma which covers the production of our products and the use of our trademarks under licence. Competition in the Aerated Water trade which is our main business is very intense and it is impossible to gauge the trend of general conditions in the Colony. We can state that all avenues of saving and reductions in cost have been explored to make it possible to maintain the Company's place in that trade.

As regards our other departments, there were increases in turnover in all sections of the pharmacy & drugs departments but the dispensary showed reduced margins of profit as the result of keen competition. The wine department, depending almost entirely on local trade, has increased its turnover quite substantially, which coupled with a level margin of gross profit, has resulted in a gratifying increase in nett profit. The Board has decided, for reasons of closer control and co-ordination of all sections of the business, to move the registered office of the company to our own property at North Point.

The building of the factory of our Associated Company in Malaya—A. S. Watson & Co. (M) Ltd.—commenced sometime ago and all the machinery will be in hand for installation when required. This Company will begin operations before the close of the current financial year.

## FINANCE & COMMERCE

### HONGKONG EXCHANGE MARKETS

#### U.S.\$

April	T.T. High	T.T. Low	Notes High	Notes Low
16	\$586½	586	584	582%
17	586½	586	583½	582%
18	586½	586½	584	583%
19	587½	586½	584½	583%
20	587½	586½	584%	583½
21	H o l i d a y			

D.D. rates: High 585½ Low 584½.

Trading totals: T.T. US\$2,600,000. Notes cash US\$445,000 and forward US\$1,870,000, and D.D. US\$320,000. The market was quiet with rates up slightly on good demand by gold importers in T.T. and Notes by shippers. In the T.T. sector, business was rather heavy, with gold and general importers buying and Japan, Korea, Bangkok, and Philippine merchants selling. In Notes market, shippers bought; their profits were about three points. Interest for change over in forward favoured sellers and amounted to \$1.35 per US\$1,000. Positions figured at US\$1½ million per average day. In the D.D. sector, market began to turn quiet.

**Yen:** Only very small business done in cash; \$1,525—1,505 per Yen 100,000. No forward business but change over interest fixed at \$10.85 per Yen 100,000 in favour of buyers.

**Far Eastern Exchange:** Highest and lowest rates per foreign currency unit

in HK\$: Philippines 1.86—1.84, Japan 0.01495—0.0148, Malaya 1.879—1.876, Vietnam 0.06802, Thailand 0.2724—0.2702. Sales: Pesos 310,000, Yen 95 million, Malayan \$330,000, Piastre 9 million, Baht 5 million. The market was quiet.

**Chinese Exchange:** People's Bank Yuan notes quoted at \$1.60 per Yuan. Taiwan Bank Dollar notes quoted \$1.56—1.53 per thousand and remittances at 151—149. Some small business transacted.

**Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 15.80—15.79, Australia 12.25, New Zealand 13.92—13.85, Egypt 15.20—15.15, South Africa 15.67—15.53, India 1.185—1.1825, Pakistan 0.905, Ceylon 0.90, Burma 0.48—0.47, Malaya 1.842—1.836, Canada 5.84—5.83, Cuba 4.50, Philippines 2.01—2.005, Switzerland 1.35, West Germany 1.35, Italy 0.92, France 0.01425—0.01425, Vietnam 0.07375—0.073, Laos 0.082—0.078, Cambodia 0.075—0.074, Indonesia 0.182—0.18, Sandakan 1.50, Thailand 0.262—0.261 Macau 0.995.

#### Gold Market

April	High .945	Low .945	Macau .99
16	\$255	254½	
17	255	254½	Low 265½
18	255½	254%	
19	255½	254½	
20	255½	255	266½ High
21	H o l i d a y		

The opening and closing prices were 254½ and 255, and the highest and lowest were 255½ and 254. The market was quietly steady on good demand for export. Business confined to cash dealings for import and export. Speculative activity was small. Interest for change over favoured buyers and amounted to 85 cents per 10 taels of .945 fine. Tradings totalled 27,500 taels or 5,500 taels per average day. Positions figured at 21,500 taels per daily average. Cash sales amounted to 34,250 taels of which 3,750 listed officially and 30,500 arranged privately. Imports totalled 19,500 taels (4,000 taels came from the Philippines and 15,500 taels from Macao). One shipment of 56,000 fine ounces arrived in Macau. Exports: 25,500 taels (7,500 to Singapore, 6,500 to Indonesia, 4,500 to Rangoon, 3,000 to India, 3,000 to Vietnam, 1,000 to Korea). Differences paid for imported .9999, local .99 and Macao .99 were \$16.20, 12.80 and 11.80 respectively per tael of .945 fine. Cross rates worked in the Exchange were US\$37.91—37.89, 24,000 ounces were contracted at 37.91 C.I.F. Macau. US Double Eagle old coins and new coins quoted \$253.00 and 224.50 respectively per coin, and Mexican gold coins at 272.00—270.50 per coin.

**Silver Market:** The market was dull with little business transacted. Bar silver quoted \$6.15 per tael with 300 taels traded, \$ coins quoted 3.92—3.90 per coin with 500 coins traded, and 20 cent coins quoted 2.98 per 5 coins.

## LOCAL &amp; FE DEVELOPMENTS

Local US and gold rates are determined by exchange and bullion centres abroad; speculation and attempts at price-rigging are few and far between. In gold, the market remains based on actual supply/demand conditions; supply is simple and routine, and demand is recently buoyant but usually steady and reliable. The import of gold is not interfered with except in the case of bullion from the Philippines. It appears unfair to concentrate preventive energy on imports of gold from Manila; the principle of local bullion traders and their friends should be: live and let live. Let the Philippine gold also take part in the local entrepot facilities and not reserve these facilities for gold from favoured sources.

SE Asia demand for gold is contributing a good deal to the local prosperity; large quantities of bullion are regularly flowing through Hongkong, eventually to be absorbed by customers in East Asian countries. US\$ supply is strong, in notes and US accounts; the steady US assistance to official and private organisations in SE Asia is responsible for a good deal of these dollars. Were it not for gold imports, the US\$ rate would tend to decline; as it is, gold has to be purchased against TT New York and thus a good deal of the US assistance to underprivileged peoples and the indigent economies of this or that state in SE Asia materialises in gold shipments from Hongkong to said underprivileged peoples and officials. Rates for gold and for US\$ here will remain more or less unchanged unless world markets decree changes—which is unlikely pro tem.

Malayan dollar weakness was the result of the "situation" in Singapore. There is anticipation of trouble to come in Singapore unless London makes up its mind to be firm and not to permit "constitutional" changes to take place. Singapore is and will remain part of the Malay world; sooner or later—even with an interlude of so-called independence—it will revert to those to whom it historically belongs. It is neither the land of the British nor of the Chinese but is Tanah Melayu. Only in this perspective can the future of Singapore be viewed; anything else is political nonsense.

Hongkong has derived some new capital from Singapore; this trend is marked these days. Many Chinese financial barons or magnates or whatever one calls them in the vernacular press, preferring Hongkong to Singapore, have sent 'idle funds' over here and part of this money is going again into imposing structures. Plans have recently been announced for quite a few new skyscrapers, and now 20 storeys is no longer the limit.

Singapore's loss is Hongkong's gain. There is no worry about the "nproblematic future" of Hongkong; until the end of the century, when the New Territories' lease agreement will be up (perhaps for renewal?), Hongkong has "peace of mind". With more realistic relations between Moscow and the so-called free world, an era of peace and boredom might set in. But in Singapore, sponsored by British political visionaries, unrest may continue.

Hongkong has well developed now a market in currencies of Vietnam, Cambodia and Laos. All rupee currencies are regularly transacted here. The weakness of the Burmese currency, the kyat, appears deplorable. Ceylon's rupee is recently exposed to some confidence crisis and illicit export of funds from Colombo should soon be reflected in the local rate. Indonesia's rupiah is improving, a result of more stability and smarter economic policies in Djakarta. If the new govt in Djakarta should succeed to realise some of its dreams, the rupiah ought to appreciate against free market US\$. Thailand's baht is also firm and expectations are that the gentlemen who

## HONGKONG SHARE MARKET

The total turnover last week amounted to only \$2.86 million representing a 50% drop from \$6.139 m. for the previous week. Buyers assumed a wait-and-see attitude and picked up offers only at low levels. However, sellers were reluctant to part with their holdings at low rates. As a result, trading was dull but rates were firm and with the exception of a few items, most prices were better than those for the previous week. HK Banks lost \$5 but remained steady at 1680 throughout the week. Union Ins gained \$5; at the end of the week sellers wanted 1,000 but buyers offered only 987.50. Hotels first eased to 13.70 b but sellers insisted on 13.90. Star Ferries remained at 131 n throughout the week; buyers offered 130 on Friday but there was no selling quotation. At the beginning of the week, Telephones registered only buying offers at 22.50; 1,000 shares changed hands on Friday at 22.90. Other shares which registered comparatively larger turnovers were Wheelocks, Trams, Lights, Electrics and Cements. Fluctuations during the week were small:

Shares	April 13	Last Week's Rates			Ups or Downs
		Highest	Lowest	Closing	
HK Bank .....	1685	1680	1675 b	1680	-\$5
Union Ins .....	982.50 b	990	982.50	987.50 b	+\$5
Wheelock .....	8.35	8.55	8.40	8.55	+20¢
HK Wharf .....	73.50	76	74 b	76	+\$2.50
HK Dock .....	36 b	36.50 n	36	36.25	+25¢
Provident .....	13.60	14 s	13.60 b	14 s	+40¢
Land .....	61	62	61	62	+\$1
Realty .....	1.50 s	1.50 s	1.40 b	1.50 s	steady
Hotel .....	13.80	13.90	13.70 b	13.90	+10¢
Trams .....	22.60	22.50 s	22.30 b	22.50	-10¢
Star Ferry .....	131	131 n	131 n	130 b	steady
Yaumati .....	100	103	100	102	+\$2
Light (o) .....	22.30	22.50	22.20	22.50	+20¢
Light (n) .....	19.60	19.80	19.50	19.80	+20¢
Electric .....	30	30.25	29.70	30	steady
Telephone .....	22.80	22.90	22.50 b	22.90	+10¢
Cement .....	33.75	34	33.50	33.75	firm
Dairy Farm .....	15.70	16.40	15.70	16.40	+70¢
Watson .....	11.30	11.40 s	11	11	-30¢
Textile .....	5.35 s	5.40	5.30	5.40	+5¢
Nanyang .....	7.50 b	7.80	7.50 b	7.80	+30¢

rule the country will continue to take the well meant advice of the US and will improve general conditions in Thailand—an intrinsically most prosperous and wealthy country. The best thing the Thai govt could have done was to align itself with America—this alignment is going to bring excellent dividends in the future. Whatever criticism one may be inclined to offer about the rather odd system of govt in Thailand, the fact must be borne in mind that this system has been well suited to conditions prevailing in Thailand and has brought many benefits for the Thais. Thus it is a good system and a good govt. The baht's firmness is another proof for the success and prestige of Phibunsonggram's govt.

**Monday:** The market was quiet and the turnover amounted to approximately \$610,000. The Macao Electric Lighting Company announced a dividend of \$1.20 per share. **Tuesday:** In a day of moderate trading prices fluctuated within narrow limits. The turnover amounted to approximately \$780,000. **Wednesday:** Business was almost at a standstill during the half day session. The turnover amounted to approximately \$170,000. Price changes were negligible. **Thursday:** Better demand improved prices of several shares. Wheelocks, Docks and Cements attracted most attention. The undertone at the close was steady and the turnover amounted to approximately \$760,000. **Friday:** Although business was on a limited scale, sentiment appeared better and prices fractionally higher. Utilities were steady, while

Wheelocks and Union Waterboats made further advances. The turnover amounted to approximately \$540,000.

A. R. Burkhill & Sons (Hongkong) Limited, the General Managers of Amalgamated Rubber Estates Limited, announced that the output from the Estates for March 1956 amounted to 509,966 lbs. The output for nine months, July 1955/March 1956 totalled 5,602,168 lbs.

## DIVIDEND

The Union Insurance Society of Canton, Ltd. announced a final dividend of £1/2/6 per share.

## LAST WEEK'S CLOSING RATES

### H.K. Govt. Loans

3½% Loan (1934 & 1940), 93½ nom.  
3½% Loan (1948), 93½ s.

### Banks

H.K. & S. Bank, 1680 nom.  
H.K. & S. Bank (Lon. Reg.), £100 s.  
Chartered Bank, 44/- nom.  
Bank of East Asia, 226 b.

### Insurances

Union Ins., 987½ b; 1000 s.  
Lombard Ins., 58½ b.  
China Underwriters, 9 nom.

### Investment Companies

Allied Investors, 5.15 nom.  
Yangtsze Finance, 6.40 b; 6.55 s; 6½ sa.  
H.K. & F. E. Invest., 11.30 s.

### Shipping

Douglas, 400 nom.  
Indo Chinas (Pref.), 15 nom.  
Indo Chinas (Def.), 40 nom.  
U. Waterboats (Old), 19.30 b; 19½ sa.  
U. Waterboats (New), 18½ nom.  
Asia Nav., 1.20 b; 1.30 s.  
Wheelocks, 8½ b; 8.60 s; 8½/55 sa.

### Docks, Wharves, Godowns

H.K. & K. Wharves, Ex. Div., 76 b; 76 sa.  
Sh. Hongkew Wharves, 1.10 s.  
H.K. Docks, 36½ b; 36½ s.  
China Providents, 13.60 b; 14 s.  
Shai Dockyards, 1.40 nom.

### Mining

Raub Mines, 3½ nom.  
H.K. Mines, 6c nom.

### Lands, Hotels & Bldgs.

H. & S. Hotels, 13.80 b; 14 s; 13.80/.90 sa.  
H.K. Lands, 62 b; 61½/62 sa.  
Shai Lands, 60c s.  
Humphreys, 17½ s.  
H.K. Realities, 1.40 b; 1½ s.  
Chinese Estates, 290 nom.

### Public Utilities

H.K. Tramways, 22.40 b; 22.60 s; 22½ sa.  
Peak Trams (F. Paid), 75 nom.  
Peak Trams (P. Paid), 40 nom.  
Star Ferries, 130 b.  
Yunmati Ferries, 102 b; 102 sa.  
China Lights (F. Pd.) Ex. Div., 22.30 b;  
22.70 s.

China Lights (Partly Pd.) Ex. Div., 19.70 b; 19.90 s; 19.60/.80 sa.  
H.K. Electrics Ex. All, 30 b; 30½ s; 30 sa.  
H.K. Electrics (Bonus), 29.10 b; 29.10 sa.  
H.K. Electrics (Rights), 19.10 b; 19.10 sa.  
Macao Electrics Ex. Div., 8.80 b.  
Sandakan Lights, 8½ nom.  
Telephones Ex. All, 22.80 b; 22.20 s; 22.90 sa.  
Telephones (Rights), 12.10 b; 12.10/20 sa.  
Shanghai Gas, 90c nom.

### Industrials

Cements, 33½ b; 34 s; 33½ sa.  
H.K. Ropes, Ex. Div., 14.30 nom.  
Metal Industries, 1.70 b; 1.85 s.

### Stores

Dairy Farms, Ex. Div., 16.20 b; 16½ s; 16.40 sa.  
Watsons, 10.90 b.

L. Crawfords, 34 nom.  
Cald. Magg. (Ord.), 33 nom.  
Sinceres, 1.85 nom.  
China Emporium, 9.40 nom.  
Sun Co., Ltd., 1.60 nom.  
Kwong Sang Hong 170 b.  
Wing On (H.K.) 58½ nom.

### Miscellaneous

China Entertainments, 17.10 b.  
International Films, 20c nom.  
H.K. Constructions, Ex. All. 3.30 b.  
Vibro Piling, 17.40 nom.  
Marsman Investments, 6/- nom.  
Marsman (HK), 65c nom.

### Cottons

Ewos, 85c nom.  
Textile Corp., 5.30 b; 5½ s.  
Nanyang Mill, 7.80 b; 8 s; 7.80 sa.

### Rubber Companies

Amalgamated Rubber, 1½ b; 1.55 s.  
Ayer Tawah, 5.30 b; 5.40 sa.  
Java-Consolidated Estates, 68c nom.  
Langkat, 2½ nom.  
Rubber Trust, 2.10 nom.  
Shanghai Kelantan, 1.05 nom.  
Shanghai Sumatra, 3½ nom.  
Sungala, 3.35 b.

## SINGAPORE SHARE MARKET

The general tone of Malayan markets continued to be somewhat subdued. However, the total volume of business written, which resulted from a turnover fairly evenly distributed throughout all sections, did show some improvement. With few exceptions industrials were on offer, Tins generally remained steady and had a few bright spots and some Rubber counters made headway.

A number of Industrial quotations receded further. Hammers were done at \$2.47½. Malayan Breweries at \$3.25 and Fraser & Neave at \$1.70 cum 8% end \$1.65 ex dividend. Sime Darby came back to \$1.72½ cum 6%. Straits Times had exchanges at \$2.65 and Henry Waugh at \$1.22½. United Engineers went from \$8.15 to \$8.05 and Singapore Cold Storage had enquiry at \$1.47½. Straits Traders with the announcement of the final dividend due in the near future went from \$25½ to \$26½, closing firm. Wearne Bros. recovered to \$2.80 and Robinsons to \$2.50. There were buyers of Malayan Collieries at 91 cents, Metal Box at \$1.50 and Malayan Cement at \$1.66 cum 12½%.

Kuchais moved back to \$1.65, Rahman Hydraulic were steady with business at 80 cents. Petaling improved from \$3.55 to \$3.62½. Taiping Consolidated were in demand at \$1.32½ and Rantau with an improved output closed at \$1.32½.

In expectation of greater outputs Austral Amalgamated touched 18/- though quickly falling again to 17/6, Berjuntai were steady at 20/9, Lower Perak moved to 17/6 cum the 2/- capital return and Rawang Tinfields were better at 9/3. With only a small supply available increased enquiry for Kampong Lanjuts quickly lifted the price to 36/3.

London Tin had business at 9/6 and Hongkong Tin were taken from London at 7/0½.

In the Rubber section Sungei Bagan on the announcement of the one for one distribution improved to \$2.40 cum the 15% interim, Teluk Anson were taken to \$1 cum 20% and New Serendah improved to \$1.70. Mentakab improved to \$1.85 cum the 25 cent capital return and 40% dividend, and Tapah which had rapidly fallen back to \$2.22½ equally rapidly recovered to \$2.40. Bukit Sembawang were taken from London at 3/6.

There was a fair turnover in local loans at prices giving yields of over 5%.

Northern Hercules had exchanges from A.7/11 to A.8/- and Peko from A.9/3 to A.9/- ex div. Western Titanium had a considerable turnover between A.4/2½ and A.4/6½.

**Business done 7th-13th April 1956:** Industries:-Fraser & Neave Ords. \$1.70 cd to \$1.65 xd., Gammons \$2.10, Hammer & Co. \$2.47½ to \$2.50 to \$2.47½, Hongkong Bank (London) \$99½, Malayan Breweries; \$3.25, Malayan Cement \$1.66 cd., Malayan Collieries 91 cents, Metal. Box \$1.50, Robinson Ords. \$2.45 to \$2.50, Robinson & Co. 6% Prefs. \$4.80, Robinson & Co. 8% Prefs. \$10.40, Sime Darby \$1.75 to \$1.72½ cd, Singapore Cold Storage \$1.45 to \$1.50 to \$1.41½, Straits Times \$2.65, Straits Traders \$25.50 to \$26.50, United Engineers Ord. \$8.15 to \$8.05, Henry Waugh \$1.22½, Wearne Bros. \$2.75 to \$2.80, Wilkinson Process \$1.25, Tins:-Hitam Tin 27 cents, Kuchais \$1.65, Petaling \$3.55 to \$3.62½, Rahman Hydraulic 80 cents, Rantau \$1.30 and \$1.32½, Sungai Way \$3.12½ cd to \$3.05 xd., Taiping Cons. \$1.32½, Austral Amal 18/- to 17/6, Berjuntai 20/3, Kampong Lanjut 35/- to 36/3, Lower Perak 17/3 to 17/6 ccr, Kawang Tin 9/2½ and 9/3, Rawang Cons. 21/6, Sungai Bidor 7/6 cd., Hongkong Tin 7/0½, London Tin 9/6, Kubberi:-Amal. Malay \$1.62½ and \$1.61½ to \$1.60, Bassett 50 cents, Bukit Semrawang 3/6, Glenayre \$1.47½, Indragiri 31 cents, Jimalah \$1.05 and \$1.10, Kimanis 1/10, Kluang Ords. \$1.00, Malaka Pinda \$1.50, Mentakab \$1.55 cd. ccr, New Serendan \$1.68½ and \$1.70, Nyalas 80 cents, Padam 85 cents, Pant Peraks \$1.65, Russell Plantations (\$1. shares 70 cents paid) \$1.50, Sungai Bagan \$2.35½ to \$2.46 cdchi, Sulon 40 cents, Tapans \$2.22½ to \$2.40. Overseas Investments:-British:-Beecham Group 20/6, Bancroft Mines 47/6, British Motors 7/11½, Burmah Oils 73/4½, Dunlop Cotton 6½% Prefs. 22/3, Dunlop Plantations 6% Prefs. 20/9, Good-year Tyre & Rubber London \$1.32, Hydro Electric Securities London \$18/7/8, Lyons 'A' 89/10½, Massey-Harris-Ferguson London \$17-3/8, Mawchi Mines 6/7/6, Montagu Burton 32/1½, Paterson Simons 6/8½. Australian:-Ampol Petroleum A.11/7½, Australian Oil & Gas A.2/6, Commonwealth Mining A.7/-, Hume Industries A.5/4½ to A.5/3, Northern Hercules A.7/11 and A.8/-, Ormocore A.7/- to A.7/6, Western Titanium A.4/2½ to A.4/6½.

## HONGKONG COMPANY INCORPORATIONS

The following new private companies were incorporated in Hongkong during the period from March 19 to April 7, 1956:

**Far East Metal Industry & Shipping Company, Limited:** To purchase, hire or build steam and other launches; Nominal Capital, \$1 million; Registered Office, K.M.L. 39 Tung Kun Street, Kowloon; Subscribers—Ip Kam Ming, K.M.L. 39 Tung Kun Street, Kowloon, Merchant; Ip Kam Sing, same address, Merchant; Ip Kam Cheung, same address, Merchant.

**Motion Picture & General Investment Company Limited:** Nominal Capital, \$1 million; Subscribers—F. G. Nigel, 35 Deep Water Bay Road, Hongkong, Solicitor; D. Brittan Evans, 17 Shek O, Hongkong, Solicitor.

**Diana Trading Company, Limited:** Exporters and importers; Nominal

Capital, \$10,000; Registered Office, 4A Des Voeux Road Central, Hongkong; Subscribers—Eric Vernon Hawtin, Hotel Miramar, Kowloon, Merchant; Wong Peng Cheong, 4A Des Voeux Road Central, Hongkong, Chartered Accountant.

**Lea Hin Company Limited:** Importers and exporters; Nominal Capital, \$500,000; registered Once, 56 Gloucester Road, Hongkong; Subscribers—Mao Hong Cheong, 56 Gloucester Road, Hongkong, Merchant; Woo Kai Lea, 56 Gloucester Road, Hongkong, Merchant; Chan Seng Chang, 91 Marble Road, Hongkong, Merchant.

**Chung Hing Enamel Ware Factory:** Nominal Capital, \$600,000; Registered Once, Un Chau Street, Kowloon; Subscribers—Chan Pak Chun, 19 Playing Field Road, Kowloon, Merchant; Cheung Yan Yuan, 132 Un Chau Street, Kowloon, Merchant.

**China United (Hongkong) Limited:** Importers and exporters; Nominal Capital, \$50,000; Subscribers—Margaret Ho, 21 Shelter Street, Hongkong, Merchant; Loh Kwan Chen, 232 Fa Yuen Street, Kowloon, Merchant; Kau Yat Wai, 407 China Building, Hongkong, Merchant; Thompson V. S. Wong, 8B Belfrom Road, Kowloon, Merchant.

**Fairways Limited:** To undertake and execute any trusts; Nominal Capital, \$600,000; Registered Office, Alexandra House, Hongkong; Subscribers—H. J. Armstrong, 561 The Peak, Hongkong, Solicitor; P. A. L. Vine, 15 South Bay Road, Hongkong, Solicitor.

**Champion Trading Company, Limited:** Importers and exporters; Nominal Capital, \$400,000; Registered Office, 205 Kwok Man House, Hongkong; Subscribers—Wong Chung On, 37AB Tin Hau Temple Road, Hongkong, Chinese Sales Manager, Canadian Pacific Air Lines, Hongkong; Chung Kui Cheung, 14 Seymour Terrace, Hongkong, General Manager, China Emporium Ltd, Hongkong.

**Eng Tay Hong, Limited:** Importers and exporters; Nominal Capital, \$1 million; Subscribers—T. M. Yang, 24 Caine Road, Hongkong, Merchant; Wong Shuk Ying, 24 Caine Road, Hongkong, Married Woman.

**Cafe de Paris Limited:** Nominal Capital, \$100,000; Registered Office, 228 Wang Hing Building, Hongkong; Subscribers—Edmond Duchemin, 37 Blue Pool Road, Hongkong, Restaurant Manager; Sze Maiwo, 511-514 Marina House, Hongkong, Woollen Merchant.

**Dalgo & Company, Limited:** Mining prospectors and mining company; Nominal Capital, \$40,000; Re-

gistered Office, 20 Des Voeux Road Central, Hongkong; Subscribers, Luiz Braz Gomes, 3A Prat Avenue, Kowloon, Merchant; Philip D. Au, 27 King Wah Road, Hongkong, Merchant; Joao Eduardo Gomes, 1 Ha Heung Road, Kowloon, Merchant.

**Hongkong Wing Hang Investment Company, Limited:** Importers and exporters; Nominal Capital, \$500,000; Registered Office, 15 Shelley Street, Hongkong; Subscribers, Hong Wing Hung, 17A Shelley Street, Hongkong, Merchant; Ng Sui Wah, 15 Shelley Street, Hongkong, Merchant; Lee Wah Hung, 356 Lockhart Road, Hongkong, Merchant.

**D. H. Mead, Limited:** Importers and exporters; Nominal Capital, \$96,000; Registered Office, 303 Welsby House, 80 Macdonnell Road, Hongkong; Subscribers, David Henry Mead, 80 Macdonnell Road, Hongkong, Merchant; Maria Mead, 80 Macdonnell Road, Hongkong, Married Woman.

**Smart Shirts Manufacturers, Limited:** Nominal Capital, \$100,000; Registered Office, 303 China Building, Hongkong; Subscribers, Maurice Mo, 4 Knutsford Terrace, Kimberley Road, Kowloon, Merchant; Tsu-Liang Yao, same address, Merchant; Kam-Tim Wong, 5 Marsh Road, Hongkong, Merchant.

**Asia Motion Picture Development, Limited:** Nominal Capital, \$500,000; Registered Office, 301 Wing On Bank Building, Hongkong; Subscribers, Deacon Te-Ken Chiu c/o Tsun Wan Theatre, Tsun Wan, N.T., Hongkong, Merchant; Li-Kai Chu, 35 Kin Wah Street, Hongkong, Merchant.

**Havencrest (Hongkong) Limited:** To purchase, hire or build steam and other launches; Nominal Capital, Sterling £1,000; Registered Office, 116, The Hongkong and Shanghai Bank Building, Hongkong; Subscribers, R. Reitersen, 571 Deep Water Bay, Hongkong, Shipowner; D. Brittan Evans, 17 Shek O, Hongkong, Solicitor.

**North Pole Knitting Factory, Limited:** Importers and exporters; Nominal Capital, \$500,000; Registered Office, K.I.L. 6474 Bedford Road, Kowloon; Subscribers, Shih-Sing Wong, 10 Sau Chuk Yuen Road, Kowloon, Merchant; Kang E. Heuy, 10 Sau Chuk Yuen Road, Kowloon, Merchant.

**South Asia Textiles Limited:** Silk, rayon and cotton spinners; Nominal Capital, \$1 million; Registered Office, 300 American International Building, Hongkong; Subscribers, Chen Sien Wan, 127 Boundary Street, Kowloon, Merchant; Tien-Oung Liu, 11 Grampien Road, Kowloon, Merchant.

## HONGKONG AND FAR EASTERN TRADE REPORTS

(April 16/21)

S.E. Asia remained the leading buyer in the local market. There were increased shipments of Japanese goods from here to Indonesia and more exports of China produce to Japan and Europe. Imports from Europe and Japan were also very active. Orders from UK and Africa covered mostly HK manufactures.

**Trade Restrictions:** Indonesia lifted the import ban on matches. South Africa and Madagascar required certificates of origin for imports from here. Saudi Arabia prohibited exports of iron scraps and all kinds of minerals. India exempted chemical fertilizers from import duty.

**Freight:** According to an unconfirmed report, negotiations are in progress between British and Japanese shipping companies to raise freight rates for metals from Europe to Hongkong.

**China Trade:** Peking sold to 20 Japanese trading firms 100,000 tons of soyabean which will be shipped during May-June. To the local market Peking sent radio sets, canned fruit juice, men's leather shoes and canned butter in addition to various staples. Exports from here to China were limited to selective items of dyestuffs and industrial chemicals.

**Taiwan Trade:** Taiwan signed two barter agreements (total US\$90,000) with Korea covering exports of bananas, hemp, silk, sewing machines and herb medicines in exchange for Korean seafood, apples, and iron ore. Taiwan's tea exports in March totalled 380,200 kilos, with Africa as the leading buyer (150,476 kilos) followed by Hongkong (83,586 kilos). In the local market Taiwan purchased industrial chemicals and groundnut oil.

**Japan Trade:** In order to stop the re-export of Japanese textiles to US from Hongkong and Singapore, certificates of origin for such re-exports are no longer issued by Japanese consuls in these two places. In the local market, Japanese goods enjoyed strong demand from local consumers as well as buyers from SE Asia. Exports to Japan also increased particularly in shipments of beans, maize, salt, jute, and iron scraps.

**Korea Trade:** Seoul still restricted direct imports from Japan. Imports with US Aid Funds for 1956 will include US\$1,835,900 for industrial chemicals, \$2,006,500 for pharmaceuticals, \$758,375 for iron and steel products, \$115,700 for caustic soda, etc. Korea's purchases from here were limited by the slow arrival of L/Cs from Seoul.

**Indonesia Trade:** Indonesia lifted the ban on imports of matches, cotton towels, shoe laces, and blankets. Exports from here to Indonesia remained very active particularly in shipments of Japanese goods.

**Thailand Trade:** Bangkok started to accept import applications for direct imports from Japan, and also permitted the financing of such imports with US aid funds. Items wanted by Bangkok include newsprint, textiles, cotton and fibre yarns, leathers and hides, brass, copper and aluminium products. Cargo movements between Hongkong and Thailand remained active; exports from here consisted mainly of HK products while rice and other farm produce constituted the major portion of imports from Thailand.

**Indochina Trade:** Exports from here to the 3 states were on the decline mainly due to the frontier blockade enforced by Thailand and Vietnam against Cambodia. The slow-down might also be attributed to the fact that Vietnam and Cambodia bought more from Japan and US with US Aid Funds. The decline was particularly noticeable in shipments to Vietnam where restrictions against imports of Hongkong products such as aluminium ware, lighters, silk piece goods, embroidered garments, handkerchiefs, gloves, umbrellas, Chinese medicines, shirts, hats, fans, toys, etc. were recently enforced. Trading with Vietminh was conducted entirely on barter basis and the transactions were confined to small volumes for cassia oil, feathers, and herbs from Vietminh and textiles, dyestuffs, and sundry articles from here.

**Philippine Trade:** Barter licences issued by the Philippine authorities in March amounted to US\$626,875 (90% being for trade with Hongkong).

**Burma Trade:** Commodity prices in Rangoon were again rising and import licences were transferred among traders there at a high premium. Exports from here to Burma were limited to small shipments of sundry goods such as gourmet powder, face powder, soap, tooth paste, hair oil, socks, etc.

**Other Countries:** Africa ordered substantial quantities of HK manufactured cotton piecegoods, shirts, towels, enamelware, and other metal products. Australia announced another 10% cut in imports beginning April. During the first three months this year, exports to Western Germany registered a 40% increase while imports showed a decrease of nearly 33% when compared with the corresponding period of 1955; more China produce went from here to Western Germany and less German

dyestuffs, fertilizers and metals reached here for China.

**China Produce:** The market was active with orders from Japan and S.E. Asia. Prices of popular items firmed up. 3,000 tons of soyabean were sold to Japan. Garlic, both toasted and untoasted, drew unabated demand from S.E. Asia. Woodoil was repeatedly favoured by exporters at steady prices, although London market was marked down under competition of supplies from Argentine. Teased oil maintained its peak prices, but stock shortage prevented any business. Aniseed oil and cassia oil were both bought by Europe without price fluctuation. Sesameed enjoyed better demand from Japan and prices recovered; maize was purchased by the same source with little price change. Dried chilli remained a favourite to Singapore, although demand from Korea turned light. Aniseed star became firmer when India provided keener buying support; shipments to Singapore were also transhipped to India. Bitter almond of Indian origin scored a slight recovery under improved demand, while goods of Chinese origin were short. Jute advanced as exports to Japan and local sales turned brisk. Gypsum witnessed sales to S.E. Asia at a steady price. Rice bran registered new arrivals from the Philippines and attracted heavy purchases by local farmers. Cassia lignea eased when India slowed down her purchases on account of unfavourable prices there. Camphor tablet remained dull but steady. Musk was bought by France and realgar enquired for by India. Raw silk noted new bookings at marked-down cost. Tea was further depressed by selling pressure. Green pea maintained briskness at firm prices; red bean improved on seasonal demand; black bean, broad bean, and green bean enjoyed steady local demand.

**Metals:** Demand from Korea, Cambodia, and Thailand was steady. Local buying support was also strong; factory items were particularly in demand. Prices in general ruled firm. Black plate waste improved on short stock and keen demand from local enamelware factories. Black plate was favoured by Korea and Cambodia. Tin plate was probed by Korea and selling resistance geared up prices; tin plate waste maintained active purchases by the local factories. Zinc ingot went up and the high price kept the business with Korea pending for further negotiations. Mild steel plate attracted better demand and the prices turned steadier when stocks were drawn thinner. Mild steel angle bar was popular in both export and local sales at slightly improved prices. Mild steel channel was more briskly traded in the upper grades, while mild steel flat bar was active in forwards. Galvanized iron sheets lacked voluminous turnovers but prices remained steady and the thicker varieties chalked up better

business. Galvanized iron wire and galvanized iron wire shorts both became livelier; the former advanced on low stock whereas the latter was unable to gain as stocks were heavy. Galvanized iron pipe featured better local sales but prices were depressed by new arrivals. Iron wire nail was favoured by Thailand and Cambodia, but prices were barely steady. Brass sheet copper sheet, pig lead, and steel wire rope improved on steady local demand.

**Paper:** Slow trading and steady prices prevailed. Transparent cellulose paper remained a favourite to exporters, but stock shortage curtailed business. Wood-free printing interested Korea but business failed to expand because supply was low. Newsprint-in-reel enjoyed good business with Korea; shipments were mostly made by paper importers without going through the local market. Newsprint-in-ream from China slowed down; price improved. MG white sulphite was depressed by exporters' liquidation of their previous purchases when L/Cs failed to arrive. Aluminium foil recorded enquiries from Korea and business might be expected to develop shortly. Straw board turned steadier, particularly the Japanese goods which were low in stock. Duplex board dipped under selling pressure. Glassine was enquired for by Korea. MG cap and poster were mainly for local users.

**Industrial Chemicals:** Exports to Taiwan and Korea were moderate. Soda ash and acetic acid were particularly active in sales to Korea. Cresylic acid remained steady on dwindled stock and enquiries from Korea. Citric acid recovered with orders from Taiwan. Gum arabic, lead oxide, stearic acid, copper sulphate, gum copal, lead acetate, and sodium hyposulphite were also favoured by Taiwan. Paraffin wax, tanning extract, bleaching powder, caustic soda, and cup grease remained firm on steady local demand. Shellac and potassium bichromate were slow and bearish, whereas sodium silicate and sodium sulphide advanced on short supply.

**Pharmaceuticals:** Among business concluded were caffeine alkaloid to China; quinine ethylcarbonate to Taiwan; amidopyrin, glucose powder, santonin crystal, saccharine crystal, and iodine resublimed to S.E. Asia; and calcium glucose powder to India. Local demand covered ascorbic acid powder, aureomycin capsule, adhesive plaster, calciostelin, calcium lactate, cod liver oil capsule, dihydro-streptomycin, penicillin preparations, potassium iodide, saccharum lactose, and sulphonamides. West Germany enquired for vitamin D-2 powder in view of the favourable price in the local market.

**Cotton Yarn & Textile:** Hongkong yarn was active and firm; Indian yarn reported steady business but weak prices; Pakistan yarn was sluggish; Japanese yarn scored price gain in the 42's; Japanese staple fibre yarn was popular with local factories. Cotton mills booked 12,000 bales of Brazilian raw cotton in the past two weeks. Trading in the textiles market remained sluggish with prices of most items heading downward; however, Japanese white shirting was brisk on unabated demand from the local shirt makers.

**Rice:** Market started active and steady in the beginning of the week when retailers made purchases for replenishment; however, arrivals from Thailand depressed the market towards the end of the week.

**Sugar:** Local sales were active but export demand was weak. More arrivals brought about a bearish sentiment.

**Cement:** Local demand remained keen. China cement enjoyed steady business despite indent advances. Japanese cement eased under heavy stock. Green Island products also dipped slightly.

**Marine Products:** Market turned bearish during the week; only dried shrimp was active in local sales at improved prices. Bootara slumped as a

result of the hot weather. Dried oyster went down further as S.E. Asia suspended purchases. Others which registered scattered local demand at lower prices were compoy, cuttle fish, dried squid, and soup fish.

**Sundries:** Lily bulb advanced in active local sales. Gingko, pearl barley, and bamboo shoot all went up as stocks dwindled. Bean stick, red date, and water melon seeds were favoured by S.E. Asia at steady prices. Lotus nut improved on higher cost. Satisfactory local sales were recorded in bean thread, black fungus, mushroom, olive seeds, and bamboo leave. Tapico starch drew active local demand due to its favourable price, while lungngan and plum both dropped in the face of abundant new supplies. Small deals in the sundry articles market were quite active in the week, particularly in such items as rayon scarf, zippers, lighters, toilet soap, tooth paste, rayon hairnet, and fountain pen, most of them at firm prices.

**Hongkong Products:** Exports of HK products to UK included cotton yarn, cotton textiles, rubber footwear, shirts, torchlight, towels, vacuum flasks, embroidered garments, gloves, socks, and toothbrushes. The Hongkong Government Office in London announced that due to very poor response, Customs there intend to terminate the special arrangements whereby Imperial Preference Certificates of Origin (Form E 120 Sale) are sent direct to United Kingdom ports of entry. The date of termination has been fixed for the 30th April, 1956. Orders from Indonesia for the local manufactured knitted goods continued to reach here lately; many factories are fully booked up to June-July. In the Seattle Trade Fair scheduled to be held in May, 1,568 items of HK products will be displayed. H.K. manufactured structural steels enjoyed very steady local demand particularly when the real estate business continued to boom with more capital from Vietnam, Cambodia, and other countries in SE Asia.